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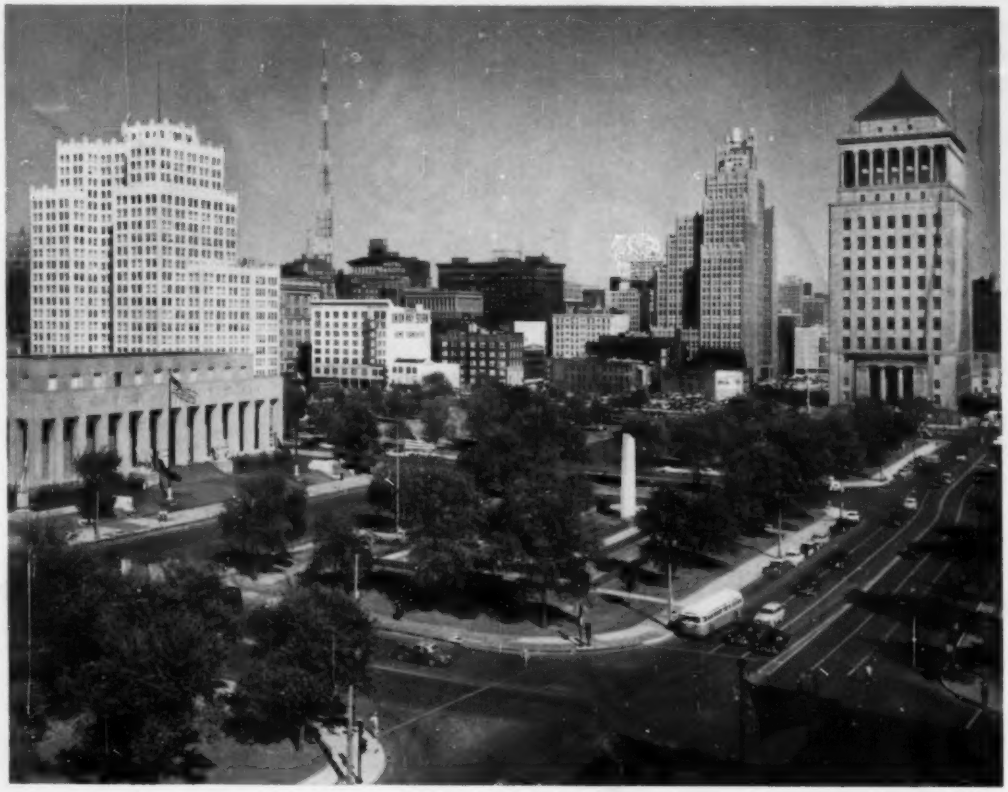

Memorial Plaza – St. Louis, Missouri

The 42nd Annual Conference of the National Retail Credit Association, Associated Credit Bureaus of America and the Credit Women's Breakfast Clubs of North America will be held at the Hotels Jefferson and Statler in St. Louis, Missouri, June 18, 19, 20 and 21, 1956.

St. Louis, the Queen City of the Mississippi Valley, is known as the "City of a Thousand Sights." Here are some of the things you will want to see when you come to St. Louis:

The Municipal Opera. Gigantic singing and dancing choruses—top "name" entertainers present the country's most popular musical shows to open-air audiences of thousands.

Lindbergh Trophies. The famed collection of gifts and mementos that poured in from all over the world honoring the immortal pilot of the "Spirit of St. Louis."

Shaw's Garden. A wonderland of brilliant floral displays—plant life gathered from every corner of the globe.

The Art Museum, St. Louis Zoo, "SS Admiral," and the St. Louis Cardinals are also on the "must see" list for everyone. Shown above is a view of the Memorial Plaza in the left foreground and Civil Courts Building at the right. Photo was furnished by the Chamber of Commerce of Metropolitan St. Louis.

The Credit World

Only Publication Serving the Entire Field of Retail Credit

The
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REGISTERED IN THE UNITED STATES PATENT OFFICE

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In This Issue

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Don't File It—Throw It Away

Emmett J. Leahy
***President*, Leahy and Company**
New York, New York

(An address given at the 41st Annual International Consumer Credit Conference, Louisville, Kentucky, June 23, 1955)

EVERYONE COMPLAINS about red tape but, like the weather, almost no one ever does anything about it. Some paper work, some filing, some record keeping is inevitable and some is as important as life itself; the prime value of a birth certificate, the finality of a death certificate and many of the important documents in between those two. It is also mathematically certain now that *most* of the paper work, the filing operations, and the record keeping we do in industry and government is unnecessary. Management of our great companies has made remarkable progress in the last 30 to 50 years in engineering and factory operations and all of us know that this industrial know-how is our greatest bulwark against either economic or military disaster. At the same time, however, we have soaring and nonproductive office costs.

I am going to give you some figures; I am not going to bore you with too many of them, but I would like to get our visit into some perspective. The office workers across the nation, at the present time, are grinding out more than 175 billion pieces of paper annually. Every 12 months they create a file drawer filled with papers for each of the nation's 62 million workers. Salaries of office workers have piled up to $35 billion per annum or one-ninth of our national income. Now we should pause and think of this: 30 years ago we had one office worker for every four factory workers. Now we have two office workers for every four factory workers; one office worker for every farmer and one and one-half clerks for every salesman. Each year the 62 million file drawers are crammed with multicopies of papers, adding 15 per cent to the accumulation of past years. It takes the time and the salaries of two million filing clerks nationally to handle this mass of papers.

The mass of papers piled up over the years across the country exceed a trillion pieces of paper, about equally divided between expense of office space and equipment and attics, warehouses, cellars and storerooms. In company after company they found in shaking down the paper they have, that only 4 per cent of all their records by volume or 7 per cent by type have permanent value or historical interest. This focuses into something as ridiculous as the true story of the man by the name of Hugh Troy.

He is a Cornell graduate; he is not a mythical person. Early in World War II he was brought into the Army and everywhere he turned he was filling out questionnaires and reports and he thought it was ridiculous. But as a shavetail lieutenant it was not his duty to announce to the Army that all of this was ridiculous. He thought he would wait until inspiration would strike —and it struck. One day he was sitting in the mess hall and he noticed that on one side there was one of the curling pieces of flypaper over each table. There were eight down the right-hand side of the mess hall and eight down the left-hand side. So Hugh sat down and drew up a form or a report.

He put a diagram on it and showed the position of each one of these pieces of flypaper down each side of the mess hall. In Army fashion he gave each one a code name or a code number. The flypapers on one side were X-1, X-2, X-3, etc., and the flypapers on the other side were Y-1, Y-2, Y-3, etc. Then he prepared a series of little blocks and recorded, in a 24-hour period, how many flies were caught on flypaper X-1; for example 78, but flypaper Y-3 caught 102 flies. He filled out all this information, signed it and dropped it into the outgoing mail and sent it off to the Pentagon.

About a week later he got a call from another officer at the same installation and he said, "Have you ever heard anything about any goofy flypaper reports?" Hugh said, "Why, no." The officer said, "Do you send in any flypaper reports to the Pentagon?" Hugh said, "Why, of course, I send mine in every day." The officer said, "Do you mind if another chap and I come over and have a look at them?" So they came over—and this so often happens in companies: as soon as they hear of a new system they want a copy of the form. The officers saw a copy of the flypaper report and they said, "Do you mind if we take a copy back to our place and run it off on the mimeograph machine?" And they did and they started sending in their flypaper reports to the Pentagon and, as far as we know, that is a standard report in the Army of the United States.

Reports Are Started But Never Stopped

That experience is duplicated in many companies. Reports are started because there is some kind of an emergency that might be as far back as the 1920's. Twenty-five or 30 years later the report is still coming through. We have found cases when one plant was still reporting, after 30 years, on the experience that it was having with this newfangled device called electricity; reporting monthly that this electrical installation at the plant, the lighting system, was working and that there was some future in this magical thing of electricity. But couching this ridiculous story in the sobering figures above, these figures are thought provoking. This mass of paper work, filing, record keeping that we do is unique in this country. They do not do it overseas.

In World War II, Germany kept an Army as large as ours in the field with one-seventh of the overhead and if ever the time should come (which we hope it will not) that we are evenly balanced against an enemy, that waste behind the lines and in overhead of our fighting forces could be the difference between victory and

defeat. Some of these figures that I gave you are so massive that they tend to elude our grasp. Their true significance tends to escape us, so I would like to bring them down into sharper focus.

Not far from here is a small company with gross sales of about three million dollars, and it is successful. The owner sent his son off to the graduate School of Business Administration at Harvard. He came back convinced that his well-meaning father had been successful up to then but not as successful as he would have been had he gone to the graduate School of Business Administration at Harvard and learned all about those wonderful, efficient things you could do in an office. And this is true. The son proceeded to buy every piece of office equipment, every device that was calculated to speed an order from the customer into the plant. When they sent for us the problem was this, and it is ridiculous: it took them a day and a half to get a customer's simple order through that small office. It took them only a half day to manufacture from scratch and ship the product of the order. The plant could manufacture and ship it in a half day, but it took them a day and a half to get the order through the office.

Now, what had happened to that order? First, he bought some electric typewriters and from these electric typewriters came some tape that fed into other typewriters that made additional copies. Then he had a Ditto machine and right on through the maze of office equipment, the wonderful devices that serve a wonderful purpose when they are not abused. What was happening to his orders was that they were all backed up behind these machines to get on them in order to speed their way through the office. It was just like so many hurdles that had been installed in the office.

A Government Check for a Penny

Some of you may have heard the story that was on Groucho Marx's program where he challenged someone who said he made a living by writing jokes to tell a joke that would make the audience laugh. Groucho said, "I will give you $5.00 if they laugh." The joke the fellow told was this: A man got a check from the Internal Revenue Department which was a refund on his tax. The check was for one penny. He was annoyed and disgusted but he was tidy and he did not want to tear up the check. He also wanted to keep his own bank statement in balance and also he was fearful that if that penny was lost in the Federal Government it might delay the year-end closing a couple of years. So, to his annoyance and expense in time, he took the check to the bank, and endorsed it and passed it in to the teller. The teller looked at it, looked at him, and said, "How do you want it, heads or tails?"

That is a more significant story when you bear in mind that in the average large company that accumulates figures of this kind, it costs the average company from $15.00 to $25.00 to pay a bill. And so many of the bills they pay are for amounts less than $15.00. In the first Hoover Commission in Washington they proved that it costs the Federal Government a minimum of $12.00 to pay a bill and millions of bills were for items which cost less than $12.00.

Now using our examples and going a little bit further, take a small machine tool company in New England with sales of about $20 million. That company, in order to do its work, manufactures three million pieces of paper annually. Going to a larger measure, we are now working with a large company that has gross sales of around $600 million; they have tabulating equipment and all the latest office devices and now they are shooting for the big one, the electronic brain, the data-processing machines. The thought occurred to them that before they put in a data-processing machine, their greatest expense is to translate their data onto a punch card the machine can take. It is the input problem, as you all well know, and some of you are possibly associated with stores that have installed trial electronic brains. One large company wanted us to go through their paper work to see how much could be snugged up before they began the expensive process of translating all the data into a form that the machine would take.

Unnecessary Work Filling Orders

To our amazement and theirs we found that 67 per cent of all the information entered into their order and invoicing procedure alone was duplicated and wasted, and everyone agreed it could be dropped from the order invoicing process. In this particular case the company, which handled 12,600 customer orders in one of its divisions, had 26 million strokes of the typewriter or entries of figures or letters; 26 million little paper-work characters went into that process. Also to handle a customer order they manufactured 100 new pieces of paper. They also referred or checked 139 different sources before the customer's order was released through to the shipping point and the goods shipped.

That illustrates the kind and volume of paper work, filing, operating, and record keeping that has been piling up in our companies and in the Federal Government, so much so that there is now a recognizable national irritation against the delay and the red tape that is inherent in the paper work in industry and in government. The response that we noted last February to the reports of the present Hoover Commission on red tape in the Federal Government is illustrative of this national irritation against the red tape and delay. Now, the nation to us means customers, to the government it means taxpayers, and when they are annoyed with the delay and the red tape in our companies' paper work, we are jeopardizing our customers. To throw this into some perspective again, we have chosen as a case study the experience we have had with red tape in the most ungainly possible location and that is the paper work in the Federal Government.

Here is what we found in the course of our work for Herbert Hoover. The Federal Government consumes 25 billion pieces of paper annually and stretched end to end they would reach to the moon 13 times. This is one year's accumulation of red tape in the Federal Government. It seems startling, but while I was working on this report I was dozing through a television show one night last fall and I heard a commercial for the Ford

Motor Company say if all the Fords on the road today were placed bumper to bumper they would reach around the world one and one-half times. I happened to receive a report that week from an associate of mine who is working with the Ford Division of the Ford Motor Company and that report showed the accumulation of records of the Ford Division and we went back to the office and laid them end to end and we found out mathematically that the Ford Division had accumulated enough pieces of paper to reach around the world twice. The Fords themselves will reach around the world only one and one-half times and it is a reasonable question, "Is the Ford Division of the Ford Motor Company making Fords or pieces of paper?"

Extent of Letters Written by Government

If the 1,200,000,000 letters written by the Federal Government each year were stamped, sealed, and stacked ready for mailing, they would reach 390 miles into the stratosphere. The Federal Government is now producing a much greater volume of letters per employee than it produced 40 years ago. The government is spending at the present time in pure paper work—that is, not executives, not engineers, not soldiers, sailors, or Marines, but those people classified as clerks, file clerks, bookkeepers, accountants, machine operators, and messengers—four billion dollars a year. That four-billion-dollar cost happens to translate into $100.00 per year per average tax family. It is greater by many times the total budget of the Federal Government in 1912 when the last study of this kind was undertaken by the Taft Commission on Economy and Efficiency. It happens to be equal to the total national budget the year Mr. Hoover left the White House in 1932.

If all of these records that the government has accumulated were placed in one file drawer, they would reach from the Pentagon in Washington to the Kremlin in Moscow unbroken, a distance of 5,000 miles, and the startling fact is that in a company or in the Federal Government it costs $2.00 an inch to maintain files in an office. Mr. Tate mentioned that one part of our job was to ease the burden of reporting and record keeping that is imposed on industry by the Federal Government. It seems like an almost impossibly elusive job, but it did not turn out to be so. Here is an example: Any company with which you are associated, must submit this report to the Federal Government quarterly showing what your salary has been, what your deductions are, Social Security number, etc., on form 941 or 941A. It has been going into Washington 160 million line entries, four times a year for each employee in industry. It happens to contain practically the same information as on the W2 form. This form was started in 1939. We got to Washington and found out that the Social Security Administration who receives this report ultimately from Internal Revenue Department thought it could be eliminated if they could get the copy of the little W2 form which you all know so well.

Internal Revenue Department was willing to get rid of the form because it could punch its card from the W2 form as well as the 941. Nobody was for the form, but it cost industry a minimum of $22 million a year to fill out this form and send it in to Washington to start their gymnastics in the Internal Revenue Department and Social Security Administration, whereas they could do the same thing when we send in the little W2 form anyway. Hearings are being held on this form on the Hill and in that great maze down there it is as simple as this: Congress does not have to pass a law to make this possible but they do have to authorize the Internal Revenue Department to make available to Social Security Administration the W2 form instead of the big fellow, 941. No internal records can be made available to another department in Washington without express consent of Congress. All Congress has to do is to say, "O.K."

This is a surprising story. As good a measure as you can find anywhere of red tape in industry is the number of pieces of paper which is red tape and we find that in the Federal Government we have piled up 25,000 pieces of paper for each of its 2,300,000 employees. For example: Company A is a large advertising agency and it piled up 34,000 pieces of paper for each employee. Company B is a machine tool company and it piled up 56,000 pieces of paper for each of its employees. The very efficient Company C with very profitable gross sales of $500,000,000 per year, has piled up 64,000 pieces of paper per employee. The chairman of the board or president of each of those companies would be the first to stand up on a platform such as this and point the accusing finger at Washington as the great depository of red tape. We find, instead, that given a number of people on the payroll they are going to manufacture approximately the same number of pieces of paper. Some of you know that we have a large and active Citizens' Committee to stimulate public interest and national support for the recommendations of the Hoover Commission.

Seven File Drawers for Every Employee

I know the executive vice chairman of that Commission and I was in his office recently. He operates a public relations office. I counted the file drawers in his office and he had seven file drawers for every employee on the payroll. He has been in business three years. The Federal Government also has seven file drawers for each of its 2,300,00 employees. It was my good fortune, some time ago, to undertake a project for John D. Rockefeller, the 81-year-old father of the five sons who had a suite of offices in Rockefeller Plaza under the title, "The Messrs. Rockefeller," where they handle their purely personal affairs. Winthrop Rockefeller, as chairman of the board of Rockefeller Plaza, has another office for that purpose, and as head of the hospital in New York he has still another office, as does James Rockefeller with the bank. These are their personal offices for handling their personal finances and affairs. Between them they happen to have 143 people on the payroll handling their personal affairs. They also happen to have seven file drawers for each of the 143 people on the payroll, exactly the same as the little public relations office and exactly the same as the giant Federal Government with its installations all over the world.

Now we are talking in an area where it is possible to produce substantial results in a reasonable period of

To do more business profitably, and to help locate "lost customers," always take a complete credit application from all new accounts and check these through your Credit Bureau.

time and the finest proof of it is this, which I want you to bear in mind in connection with your reaction to the present Hoover Commission and the remarkable job that has just been completed: This is a project that I directed for the first Hoover Commission in 1948-1949 and it had only to do with record keeping, not the paper work which is vastly more expensive than the storage and maintenance of records. At that time, $32 million was forecast and $34 million has actually been saved, which is the official report from the General Services Administration in Washington. This is the kind of positive proof that it is possible to produce substantial results in the reduction and elimination of paper work, filing operations, and record keeping in a reasonable period of time.

Within the range of interest that we have at the present time, it is necessary for you to know and to direct your interest at cutting down the automatic production and the automatic filing of the millions of pieces of paper that pass annually through the medium-sized firm. We have drifted into an automatic manufacture through duplicating devices, machines, carbon paper, and ever since 1900 the problem has been growing. Prior to 1900, if someone had to make an extra record, he had to do with what is called the fair copy by longhand which was expensive, so a premium was placed on not necessarily making additional pieces of paper. In 1875 they showed a remarkable new instrument called a typewriter at the Chicago World's Fair and all that the typewriter does is prepare a better document than some of our more labored handwriting. There is nothing wrong with the typewriter and many of the other office machines. But about 20 years later somebody came out with carbon paper and we were off. We have been on the greatest paper-work and record-producing spree in the history of the world. It is not only carbon paper but it is all of the spirit, chemical, and other processes that make for so many copies of pieces of paper until we get down to the ridiculous fact that at the present time (and it is no secret to anyone in the country) there is a community of interest between two great companies like Du Pont and General Motors. If only 24 per cent of the stock of General Motors is a community of interest, they certainly have it. Of course, General Motors buys a great deal from Du Pont but it is an actual fact that General Motors requires Du Pont to give them 26 copies of a bill for everything that is sold by Du Pont to General Motors. Mr. Greenwald of Du Pont or Harlo Curtis of General Motors would be the first to stand up and complain about the 30 or 40 copies that the Air Force or the Navy or the Army requires in connection with government contracts. This is bringing into focus the fact that we are now caught in a sea with a rising tide of paper work.

The Monsanto Chemical Example

I am reminded of a true story about one of our clients, the Monsanto Chemical Company in St. Louis, Missouri. Four or five years ago, when we were first working there, it happened that, independently of our studies, they had come up with a new product something like "ALL," which is also one of their products. They were very excited about it as they knew it was going to be a money maker and, as is normal, they called a meeting. The sales promotion people, the advertising department, and the account executive of their advertising agency all met. What were they going to name this new and promising baby? They wanted a title that would be short and punchy, so they sat down to think of such a title; they invited a chemist who had developed the product to sit in with them, and as he sat there smoking his pipe and listening to this performance by the sales promotion and advertising people he could not believe they were grown men. Every time they thought of a name that was short and punchy, they spelled it backward as well as forward. Then they would see how it would rhyme with many things. He listened to this for about two hours and he was amazed. This happens to a lot of tidy scientists. He happened to belong to a car pool and it was getting close to five o'clock and if they did not come up with a name pretty soon he was going to miss his car pool. Since they had not thought of one he took his pipe out of his mouth and said, "Why don't you call it 'OPPO'?" This sounded wonderful. It was a name they had never heard before. It was short and it was punchy and they adored the fact that it spelled the same backward as forward. They were just about to adopt it and one of them turned to him and said, "By the way, what does it mean?" He said, "That is POOP spelled inside out."

In this great laboratory of the Federal Government, which I have picked out only as a case study, and in the examples that I have given you from many companies, it is not "poop" to report that there are great gains to be made in the reduction of overhead and the speeding of service and the placating of customers in reducing the delays and the red tape inherent in the present volume of paper work in our companies and in the Federal Government. ★★★

Instalment Credit Problems

Carl A. Bimson
***President,* Valley National Bank**
Phoenix, Arizona

IN ATTEMPTING to appraise instalment credit problems, we need to look beneath the surface of the immediate present-day optimistic statements regarding production, sales and employment. Otherwise, it is impossible to bring our subject into proper perspective since the volume of customer credit is good. Delinquencies for the country as a whole are not out of line. Business failures, while up, are not generally considered to be dangerously high. Employment is at a near-peak level. Wages are excellent and a lot of workers are getting overtime pay, especially in the auto industry.

Still, there is a feeling of "skittishness" at various levels. Even in Washington there appears to be a feeling of slight uneasiness and an indication that some, at least, feel credit may be a little out of hand, but at the same time no one wants to "rock the boat" by putting on the brakes for fear of an unfavorable chain reaction which might result.

Many banks and finance companies have been going along with the easier terms being offered the consumer because of manufacturer or dealer pressure, or in order to meet the competitive terms available in their territory, but most of them are, at the same time, complaining about the unsoundness of such credit terms and the problems they are likely to create at a later date. But before going into this problem in greater detail I would like to mention what, in my opinion, represents some of the immediate or ultimate problems confronting consumer credit granters.

It is not my intent to list these problems in order of importance but among the first which should be mentioned is the definite indication of attempts to force the consumer market through longer terms and smaller down payments, and the resultant drying up of the market for late model used cars:

(1) Increased competition for the consumer dollar through introduction of new credit plans.
(2) The rapid growth of credit unions.
(3) Increased emphasis upon manufacturers' plans.
(4) The open-end mortgage.
(5) We have the problem of market saturation.
(6) Discount houses.
(7) Inclusion of appliances under real estate, mortgages.
(8) Shrinkage in net profits of retail dealers in hard goods lines.
(9) We have seen a tendency toward increased dealer reserves.
(10) A growing emphasis on non-recourse paper.
(11) And certainly not the least important is that problem of trained personnel.

Our present-day easy credit seems to be taking a little different turn than was the case back in 1937 when we saw some five-year paper being written on appliances. These long terms were pioneered by utility companies and the R. E. A. About this same time meter plans were promoted by some companies in an effort to stimulate sale of both domestic and commercial units. But neither of these plans was particularly important in its impact upon the market even though the percentage of saturation of appliances to wired homes was not nearly as high as it is today. Not only was the public acceptance very great, but collection costs were high and repossession ratios were out of line with the normal 30 to 36 month terms ordinarily offered, so these plans soon faded out of the picture.

Today our problem of long terms is more evident in automobile financing. With, it has been stated, the elasticity of automobile financing terms being so strained that much current production is not being sold, is being loaned or donated. In the present scramble for volume, dealers report that G.M.A.C., traditionally the conservative leader in the automobile finance field, has raised its consumer rates from $5\frac{1}{4}$ per cent to a flat 6 per cent, giving the extra discount to the dealer in the form of reserves. This more than doubles the dealer reserve for which the public has to pay.

On a $2,000 contract for 24 months, the reserve which was formerly $35 is now reported at $80 and even higher in some states without a legal ceiling. This reserve averages out at nearly 3 per cent net on sales, which is more than the national average set for N.A.D.A. members and is becoming an ever increasing part of dealer profits.

As competitors attempt to meet G.M.A.C. terms we find:

1. A virtual disappearance of recourse and repurchase paper, thus shifting risk from the dealer to the finance source. About 80 per cent of all car deals are now on a non-recourse basis.
2. New car paper being written for terms up to 42 months which takes the buyer out of the market for $3\frac{1}{2}$ years. Used car paper written for terms up to 30 months is being offered. The end result is that in a year and a half the average auto-loan term has increased from 16 to 22 months.
3. Payments are so low that the car being financed depreciates faster than the buyer pays it off.
4. Balloon notes, which prewar were concealed, now are openly advertised.
5. Customer equity is frequently so disguised by packs and gimmicks that nobody knows exactly what the true equity is, if any.
6. Customer equity so thin that a sharp break in the market, a down-turn in pay checks, work stoppage through strikes or other causes, may mean increased repossessions in sizable volume.

In St. Louis recently a dealer was advertising new Mercury automobiles for $2,195.00 (which represented

an original discount), $395.00 down (or less than 20 per cent) and 42 months for repayment of the balance.

The repossession trend is already reversing itself. Losses in the post-war period have been almost entirely on old cars. But now 54's are coming back in volume, especially in the Detroit area because of a too small down payment, too low monthly payments and too little equity. Current crazy terms may get even crazier under competitive pressures which make it easier to buy new cars than used cars. People who should be buying 1953's are buying 1955's.

It is obvious that much of the present high volume is not being sold because of new buyers in the market as much as because of greatly relaxed credit terms, which have broadened the market for new buyers who previously could have only qualified for one- to two-year trades, and to scare buyers who want to purchase before a possible strike. This is a paradoxical situation where it is easier to buy new than used cars, and is reflected in the heavy pressure on prices of late model trades due to an effort on the part of exclusively used-car dealers to purchase cars at a price at which they can make a profit. The number of used-car dealers has shrunk drastically from the post-war peak.

Exclusively used-car dealers' capacity has not kept pace with the rate of market expansion. As a consequence, new-car dealers are getting top-heavy with 53's and 54's and may have no place to turn this excess inventory into quick cash. Used-car stocks, nationally, climbed by 105,000 units in January alone and stood at only 5 per cent under the record 774,000 counted November 30, 1953. One of the end-results is that the average operating profit of new-car dealers has slipped to a post-war low of one per cent. In 1950 the average profit, before taxes, of new-car dealers was 6.7; 1951, 4.9; 1952, 3.6; and 1953, 2.2 per cent. 5,166 franchised dealers have gone out of business in the past 22 months, and one of every five dealers still in business is in the red according to recent reports.

The N.A.D.A. reported that dealers' profits in 1954 were the worst in 15 years, although it was the third best production year in the history of industry. Including reserves for repossession, new-car dealers show an average operating profit for 1954 of 0.6 per cent of sales compared with 2.2 per cent in 1953 and 3.6 per cent in 1952. Production this year is 45 per cent ahead of 1954; so far, manufacturers are producing at the rate of 8.5 million cars a year. If production schedules were met, in March there would be 748,000 units produced, which would be the top production month in history.

Production Schedule of Automobile

This means that by April 30 about 2,796,000 units were assembled. That would leave only 3 million cars to be produced in the final 8 months of the year according to industry estimates of the 1955 market. GM output is up 50 per cent from a year ago; Chrysler, 105 per cent; Ford, 19 per cent; and Studebaker-Packard, 26 per cent.

From 1946 until 1952 banks and finance companies were able to "floor plan" practically all dealers and have a feeling of security. With the shrinking of net profits, the pressure on dealers to carry larger inventories and the easing of credit terms make it even more imperative that we make constant appraisals of the dealers' financial condition, as reflected by their financial statements.

A majority of new-car dealers handling Ford, Chrysler and General Motors lines are financed by one of the major finance companies; since these three lines represent, currently, 95.83 per cent of all new-car production, it means that banks and finance companies other than the "Big 3" have only a portion of the nearly 96 per cent of the market of GM and Ford and Chrysler products and a substantial portion of the remaining 4 to 5 per cent of sales represented by the independents.

As of June 30, 1954, commercial banks held $1,979 billion of purchased auto paper. On the same date, sales finance companies held $5,249 billion of auto paper. We would all like to have a larger share of the major market and of the minor market, but in trying to get this we cannot overlook sound business principles. More and more people are reaching the saturation point of the debt limit imposed upon them by their present and potential income, and we have a responsibility to counsel with them in an effort to hold their term commitments to some reasonable relationship with their present and anticipated future ability to service the debt.

In fact, instalment credit, it is claimed, will be used by labor this year as one of the reasons why it should get the guaranteed annual wage. This was indicated at a conference in Fort Wayne, Indiana, recently, when speakers at the top-level international union of electrical workers' conference contended that managements of big consumer goods companies have fostered an instalment selling economy. Figures were presented to show that 80 per cent of the pay check of the average factory worker now goes to repay commitments for refrigerators, television sets, automobiles, homes, and such.

The union contended that "companies have been encouraging workers to go into debt for consumer goods. So companies have a responsibility to see that workers' incomes are guaranteed that future consumer credit payments may be met." The union argued that the guaranteed annual wage would help stabilize the consumer credit economy upon which our entire economy now is based. Officials painted a bleak picture of what might happen if workers' incomes were cut off, preventing repayment of debts.

Another of the problems affecting consumer credit volume through competition with banks for instalment loan customers is that of the credit unions. There are currently 37 states that charter credit unions in addition to federal charters. In 1935 there were just 906 credit unions.

1940	3,885
1945	3,959
1950	5,128
1952	6,163
March, 1953	16,759
March, 1954	18,631

There was a total of 1,470 new ones organized in 1954 alone; total membership now stands at 8,961,500, and their loans outstanding amount to $1.7 billion. Paid-in shares and other paid-in funds equaled $2.2 billion, with reserves of $233 million. The credit union movement has certainly become big business within the past few years.

One of the factors mentioned as an ultimate, if not an immediate, problem is that of discount houses. Discount merchandising may alter traditional retailing patterns. This is indicated by a survey of 50 retailers of

the New York Board of Trade Mercantile segment. These retailers were asked the question: "Do you think that discount selling will ultimately change traditional retailing and wholesaling patterns?" Fifty-four per cent answered "slightly," 36 per cent answered "completely," and the remainder answered "significantly." It is estimated that discount houses currently account for $25 billion in retail trade annually. This is equivalent to 18 per cent of all retail business done annually.

A continuation of the growth of discount houses is bound to result in a major shake-up in retail outlets. Discount selling, cut-throat merchandising and higher selling costs have all caught many retailers, resulting in earnings of only 2.2 per cent of sales after taxes for 100 of the largest retail outlets studied. With this average, you can be sure there are a lot of less efficient retailers who are barely breaking even, or who are in the red.

The National Appliance and Radio and Television Dealers' Association says that in 1953 dealers' profits were 2.3 per cent of net sales, which is the lowest return on record. While retail sales of appliances expanded from $1.6 billion in 1946 to nearly $4 billion in 1954, profit margins of retailers dropped from 8½ per cent of sales to 2.2 per cent during the same period. Although farm machinery dealers are not currently affected by discount houses, they also are faced with declining profits, just as are auto dealers, appliance dealers, and retail outlets. A spokesman for the National Retail Farm Equipment Dealers' Association stated that in 1953 farm machinery and equipment dealers' profits declined to 2½ per cent of sales.

We note that today whole shopping centers are being built by and for discount houses. Recently, 421 corporations surveyed by the National Industrial Conference Board showed 164 selling goods other than their own to employees at discounts up to 33⅓ per cent, while 236 were selling their own products to employees at discounts ranging up to 66⅔ per cent.

The Chrysler corporation recently announced a discount plan for its employees. I believe this was 25 per cent. It is estimated that approximately 13½ million people now buy part of their purchases through discount houses of various types. Since the discount house has gained importance in many markets, fair trade practices, in so far as the appliance industry is concerned, have become pretty much of a joke. Aggressive dealers, in order to compete with discount houses, have been making ridiculous allowances on trade-ins. Other major appliance manufacturers are following General Electric in dropping the practice of "suggested" retail prices, henceforth allowing the distributors to put their own prices on major appliances. It can almost be said that fair trade in appliances is now a dead issue. Most department stores favor the move. They say that suggested retail prices have done no more than provide the price-cutting outlets with the opportunity of showing how much they would cut on fair-traded merchandise. Retailers in lower volume sales areas are not so happy about it. Fair trade did provide them with varying degrees of protection.

A typical discount house advertisement states:

1. Modern merchandise is pre-sold because of the intensive national advertising.
2. Modern merchandise requires negligible servicing because of the high quality manufacturing, hence, don't pay for the prestige of the retailer.

Obviously, discount houses, in direct competition with other retailers, further complicate their fight to retain a proper profit margin on the competing merchandise they sell as franchised dealers. Some retailers say the best defense against discount houses is reduced margins on competitive merchandise, but here again we find the pressures building up on the strictly appliance dealer who cannot offset lower markups through sale of other merchandise in other departments. Neither can he as well afford dealer reserves or hold-backs which have in the past been an added safeguard for banks on weak dealers.

Open-end mortgages represent another problem, in so far as instalment credit is concerned. Although open-end mortgages are not clearly identified and spelled out by law in a few states, the bulk of the states permit and recognize open-end mortgages, and there is currently an accelerated drive on the part of many savings and loan associations to develop and increase their volume of business of this nature. They point out to the home owner that remodeling, repairs, painting, refurnishing, re-equipping their kitchen with appliances, etc., can be handled by increasing the amount of the mortgage from the paid-down balance, and incorporating the new funds needed under the original mortgage, which reduces monthly payments, eliminates down payments and also, in many instances, circumvents the retail dealer of merchandise, since financing is no problem and they can make purchases through discount houses for this purpose.

In fact, only recently a comment was made to the effect that new homes in Seattle were being financed on terms to veterans with no down payment, although the houses were equipped with carpets, furniture, drapes and even bed sheets and towels. All of these items were purchased in carload lots at reputed savings of 30 to 40 per cent. At the time of this article, about 60 of the 2- to 4-bedroom houses had been sold and another 700 were planned.

Financing Hard Goods

It is a common practice to finance, as an example, a nine-foot refrigerator, an automatic clothes washer, a gas or electric range, dishwasher and garbage disposal units in new homes, with monthly payments of $1.75 to $3.50 a month, to be included in the mortgage—and many such homes are being sold without down payments. F.H.A. is now about to permit such articles to be included in the mortgage.

The open-end mortgage promotion of savings and loan associations is beginning to make itself felt by banks and is being used as a leverage by some F.H.A. Title I dealers, with the threat that, if the bank will not buy certain marginal paper, they will take all of their business to a savings and loan association who will.

Market saturation is, of course, always a factor and creates its own problems which will be aggravated as time goes on. Today, 98.1 per cent of all wired homes have a radio; 81.3 per cent have electric washers; and 92.4 per cent have electric refrigerators.

As of January 1, 1955, it was estimated there were 33.8 million television sets in use. About 20.3 million

of these are two years old and older. Television manufacturers like to think that a set should be replaced at two to three years, so it is obvious that they are going to start directing their sales efforts toward this huge replacement market. They will need to do so if they are to maintain sales at the present level of production of 7.3 million in 1954 compared with 7.2 million in 1953.

In 1951, a Westinghouse survey showed, for instance, that 40 per cent of the new refrigerator sales involved trade-ins. That figure is much higher now. The problems arising in the trade-in area for most hard-goods industries are improperly calculated trade-in allowances, improper reconditioning, too little sales effort behind used merchandise, and lack of real information on the used appliances marketed.

The Westinghouse Electric Corporation, in an attempt to attack this problem, began its pinpointed research in 1952. This research material covered appraising, reconditioning, displaying, advertising, finding and selling in the market for refrigerators. In 1953 this plan was expanded to cover all three of the high-saturation "white" appliances—refrigerators, ranges and washers. Sales of the instruction packages to distributors over these two years ran to more than 3,800.

Last year, a new twist was evolved out of the trade-in sales program. Sales management developed a "newlywed" special plan, which is a combination offer the dealer makes to prospects. He offers one new major appliance and two used appliances in a package. The benefits work out like this: 1. Extra profits on trade-ins, 2. A new class of customers coming into the store, 3. A used-appliance customer soon becomes a prospect for a new appliance sale, 4. The package deal makes the price of trade-in appliances high enough to make the paper attractive to the bank for financing.

In the industrial equipment field, there is a similar trend toward definite policies on trade-ins and rebuilds, rather than the former each-deal-on-its-own-merits operating policy. The Norton Company of Worcester, Massachusetts, announced last month that it was expanding rebuilding operations and has determined a list of 13 machines which it will rebuild for a firm price of 45 per cent of the price of a similar new machine with the same equipment. Norton is willing now to accept trade-ins on a limited number of readily salable machines. Finally, the company is considering plans for time payments on new machines and is preparing to lease certain standard models as well.

Louis Shepard Products, Inc., of Watertown, Massachusetts, is another company to formulize its trade-in program last year. They decided to make trade-in offers on trucks of other manufacturers, or get the best possible price on a used-truck market for a prospect.

Banks are also being faced with increased competition from manufacturers' plans designed to broaden the market for the particular product of the manufacturer. Many factories have come to the conclusion that they need a broader sales approach in order to compete with the arguments of their dealers and potential customers, to the effect that the potential purchaser may have sympathy toward the product, but an unwillingness to pay cash, and not wanting to ask credit of his bank because, perhaps, the terms are too short, or the bank may be lending him as much money as he thinks he is entitled to request of it. Another problem, of course, is that of

the dealer who argues that with the market 85 per cent saturated and losing money on trade-ins, he does not want to increase that particular line of merchandise and to compete in a market in which he feels there is a limited net return to him. Another problem, of course, is the man who would like to go into business but lacks capital with which to do this.

Various manufacturers are approaching this problem somewhat aggressively by establishing their own finance corporations or by other means. Early last year the Philco Corporation began financing inventories for its distributors, and invested up to $5 million in common stock and other capital funds in the so-called finance corporation, in order to start the ball rolling. In addition to capital investment, the corporation established lines of bank credit for its distributors, the major object being to release the distributors' own capital to finance increased sales of Philco products, particularly air-conditioning equipment.

Philco corporation stated that the reason that prompted them to establish this plan was that a manufacturer-owned finance company is primarily interested in selling its own product, and not just in lending money or in promoting competitors' sales as well. Second, they claim it is a traffic-builder, because it encourages retail purchasers to pay their accounts at the retailer's store instead of at a bank or finance company office. Third, the company gives the dealers monthly reports on the status of the customers' accounts and mails promotional material to customers with good-paying records, to promote future sales.

(To be continued next month.)

Testimonial Banquet for President Blue

THE NEW ORLEANS Retail Credit Association, New Orleans, Louisiana, held a cocktail party and banquet in the Grand Ball Room of the Roosevelt Hotel, July 9, 1955, honoring Kaa F. Blue, President, National Retail Credit Association. Mr. Blue is the first Louisianian to be elected president of the National Association.

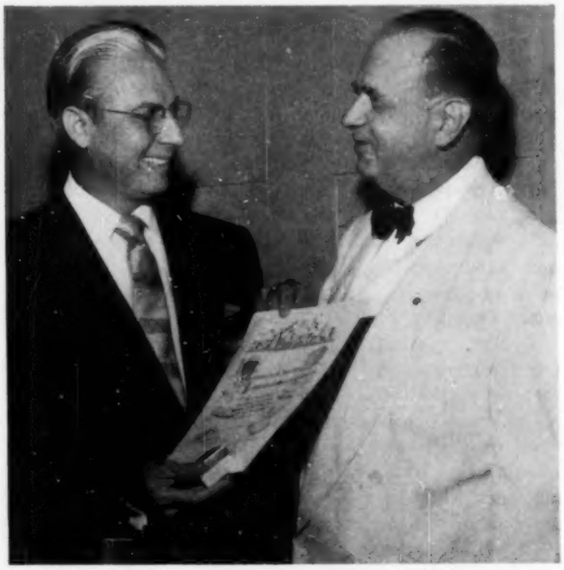
At the dinner he was presented with a plaque on behalf of the Retail Credit Association of New Orleans by Harris Copenhaver, Manager of the New Orleans Retailers' Credit Bureau. Ola Fayard, toastmaster of the affair and President of the New Orleans Retail Credit Association, presented Mr. Blue with a certificate of merit for outstanding citizenship and a key to the city on behalf of Mayor de Lesseps S. Morrison.

Mr. Blue is Past President, New Orleans Consumer Finance Exchange; Past President, Retail Credit Association of New Orleans; Past President, District Four, National Retail Credit Association; Past President, New Orleans Toastmasters Club; Past President, New Orleans Rotary Club; and Vice President, New Orleans Retailers' Credit Bureau. He is also a director of a number of other organizations including the Better Business Bureau.

Approximately 125 of Mr. Blue's friends were in attendance to honor him at the banquet. Guests from out of town were: Lindley S. Crowder, General Manager-Treasurer, National Retail Credit Association, St. Louis, Missouri; Mr. and Mrs. Evans Roberts, Mr. and Mrs. Louis Selig, and Mr. and Mrs. Elmer A. Uffman, of Baton Rouge, Louisiana.

The picture in the adjoining column shows Harris Copenhaver presenting the specially made plaque to Kaa Blue as Ola Fayard looks on. This picture was taken in Mr. Blue's office.

The picture below shows Ola Fayard presenting the certificate of merit on behalf of the city administration to Mr. Blue. This picture was taken at the banquet.



A Special Announcement to N.R.C.A. Members Engaged in Retail Credit Work

Someone Will Win $500.00 in 1956—It Could Be You!

ONE OF THE principal speakers at the San Francisco International Consumer Credit Conference in 1954, Mr. George A. Scott, President, Walker-Scott Company, San Diego, California, delivered an inspiring and challenging address in which he urged the necessity for more concentrated and original thinking on retail credit management problems.

Backing up his plea for improved retail credit management, Mr. Scott then made a most generous gesture. He will award $500.00 *in cash* each year for the next ten years to the *individual* making the most outstanding general contribution to the retail credit profession in that year.

Award Terms as Set Forth by Mr. Scott

I—BASIS FOR THE AWARD.

A—The Award will recognize the achievement of an *individual* representing or engaged in some phase of Retail Credit.

B—Retail Credit is not confined to stores, but includes the credit activities of any member of the National Retail Credit Association, as shown on our membership cards as representing the store or firm, dealing with the ultimate consumer. For example, representatives of banks, finance companies, oil companies, etc., *are* eligible. Credit Bureau personnel and representatives of wholesale and manufacturing firms are *not* eligible.

C—The achievement is not necessarily confined to any one subject.

D—The selection will be made on achievement in any or all of the following classifications:

1—Contribution to or participation in community activity which reflects the contestant's business activity.

2—Development of ideas or new approaches in the extension or control of credit as evidenced by adoption or publication.

3—Active participation in a credit group, or groups, for the recognition or furtherance of credit interests.

II—SELECTING THE WINNER

A—The Award is not only valuable in itself but is an important forward step in developing the credit profession and providing recognition. The Award should receive *immediate* and *continuing* publicity.

1—The CREDIT WORLD should be utilized to tell the full story and ensure continuing interest.

2—The National President should present the details of the Award to the Directors of each N.R.C.A. District.

3—Full publicity, including newspapers, should be given to the Award, at both District and National Conferences.

B—Selection of the winner will be made from District nominations:

1—The Directors from each of the 12 N.R.C.A. Districts will make the nomination of the candidate from that District. There will be only one candidate from each District.

2—A National Committee appointed by the President will make the selection from the District nominations and the information submitted.

3—The final Award will be made at the International Consumer Credit Conference at St. Louis in June, 1956.

What Should Be Done Now?

Contestants should prepare their entries as soon as possible and send them, together with all supporting data and material, to the District President of the area in which they reside or work. Here are the names and addresses of the 12 N.R.C.A. District Presidents:

1. Bernard Eyges, Leopold Morse Co., Boston, Mass.
2. Edward M. Gallagher, Lit-Trenton, Trenton, N. J.
3. John W. Loos, Foremost Dairies, Jacksonville, Fla.
4. B. C. DeLoach, Loveman's, Birmingham, Ala.
5. Wilson C. Fox, Babcock Dairies, Toledo, Ohio
6. Gayle W. Huston, Koch Bros., Des Moines, Iowa
7. Melvin E. Clark, Innes Co., Wichita, Kansas
8. Fred G. Cimmerman, Neiman-Marcus, Houston, Texas
9. Ray Stein, City of Colorado Springs, Department of Public Utilities, Colorado Springs, Colo.
10. Hugh Tallent, Charles F. Berg, Inc., Portland, Ore.
11. Ray Edwards, Smith's, Oakland, Calif.
12. J. P. Lee, Frankenberger & Co., Charleston, W. Va.

Each District will appoint a Committee to judge entries and make one selection for submission to the National Committee. Announcement of the District winners must be sent to the National Office in St. Louis in sufficient time for the National Committee to select the final Award winner before the St. Louis Conference, June 18-21, 1956.

For further details, write to National Retail Credit Association, 375 Jackson Avenue, St. Louis, Missouri.

L. S. Crowder

General Manager-Treasurer
NATIONAL RETAIL CREDIT ASSOCIATION

Officers *and* Directors

NATIONAL RETAIL CREDIT ASSOCIATION

Executive Offices, 375 Jackson Avenue
Saint Louis 5, Missouri

Officers, 1955-1956

President
KAA F. BLUE — Foundation Plan, Inc., New Orleans 12, Louisiana

First Vice President
WIMBERLEY C. GOODMAN — Reynolds-Penland Company, Dallas, Texas

Second Vice President
ELDON L. TAYLOR — Glen Bros. Music Company, Ogden, Utah

Third Vice President
J. C. GILLILAND — Pullman Trust and Savings Bank, Chicago, Illinois

General Manager-Treasurer
L. S. CROWDER — 375 Jackson Avenue, St. Louis, Missouri

Assistant General Manager-Assistant Treasurer, Secretary
ARTHUR H. HERT — 375 Jackson Avenue, St. Louis, Missouri

Educational Director-Assistant Secretary
LEONARD BERRY — 375 Jackson Avenue, St. Louis, Missouri

Directors, 1955-1956

*H. C. ALEXANDER	Belk Brothers Company, Charlotte, North Carolina
*DEAN ASHBY	The Fair, Fort Worth, Texas
*E. K. BARNES	First National Bank, Spokane, Washington
*FRANK BATTY	85 Moraga Highway, Orinda, California
*FRANKLIN BLACKSTONE	Frank and Seder, Pittsburgh, Pennsylvania
CHALMER BLAIR	Braley and Graham, Portland, Oregon
DAVID K. BLAIR	H. Liebes and Company, San Francisco
R. L. BRUCHEY	The Hecht Company, Baltimore, Maryland
L. A. BRUMBAUGH	Valley National Bank, Phoenix, Arizona
*HARRY L. BUNKER	H. C. Capwell Company, Oakland, California
*H. J. BURRIS	308 C Street, S. W., Bentonville, Arkansas
FRED G. CIMMERMAN	Neiman-Marcus, Houston, Texas
B. C. DELOACH	Loveman, Joseph and Loeb, Birmingham, Alabama
*G. C. DRIVER	28552 Detroit Road, Westlake, Ohio
HAROLD P. EVANS	T. Eaton Company, Limited, Vancouver, British Columbia, Canada
BERNARD EYGES	Leopold Morse Company, Boston, Massachusetts
*O. WILLARD FRIEBERG	American Trust Company, San Francisco, California
EDWARD M. GALLAGHER	Lit-Trenton, Trenton, New Jersey
‡MARJORIE GIRTON	Queal Lumber Company, Des Moines, Iowa
MRS. JO HUBBARD	Sterchi Bros. Stores, Chattanooga, Tennessee
H. L. HULME	Aluminum Goods Limited, Toronto, Ontario, Canada
ELTON L. JORDAN	Oklahoma Gas and Electric Company, Fort Smith, Arkansas
*ERWIN KANT	2546 North First Street, Milwaukee, Wisconsin
*L. M. KARPELES	Burger-Phillips Company, Birmingham, Alabama
A. J. KING	Kennard-Pyle Company, Wilmington, Delaware
J. A. KOVERMAN	Desmond's, Los Angeles, California
*LEOPOLD L. MEYER	Meyer Brothers, Inc., Houston, Texas
*EARL E. PADDON	Lammert Furniture Company, St. Louis, Missouri
‡MRS. UNA PEARSON	Pearson's, Fort Smith, Arkansas
*L. T. PEASE	32 South Main Avenue, East Orange, New Jersey
ARTHUR R. PETERMAN	The Forest City Publishing Company, Cleveland, Ohio
*HUGH L. REAGAN	Cain-Sloan Company, Nashville, Tennessee
CHARLES D. RENO	Scruggs-Vandervoort-Barney, St. Louis, Missouri
GROVER C. RITCHIE	Citizens Bank, Charlotte, North Carolina
*JOSEPH H. RIGGS	Florida National Bank, Jacksonville, Florida
*J. GORDON ROSS	Rochester Gas and Electric Company, Rochester, New York
*ROBERT A. ROSS	Neiman-Marcus, Dallas, Texas
*RICHARD T. SCHATZ	Washington Water Power Company, Spokane, Washington
*ROYCE SEHNERT	The Wichita Eagle, Wichita, Kansas
WILLIAM F. STREETER	Boutell's, Minneapolis, Minnesota
*WILLIAM J. TATE	Charles Ogilvy, Limited, Ottawa, Ontario, Canada
JOHN A. WARD	Lovelace Clinic, Albuquerque, New Mexico
*RALPH W. WATSON	Watson Company, Inc., Spokane, Washington
*JOSEPH A. WHITE	Harris Stores Company, Pittsburgh, Pennsylvania
*CLARENCE E. WOLFINGER	Lit Brothers, Philadelphia, Pennsylvania

*Past Presidents.
‡Credit Women's Breakfast Clubs of North America.

Meet Your New National Officers

Elected at the 41st Annual Conference of the N.R.C.A., Louisville, Kentucky, June 20-23, 1955

Kaa Frank Blue

KAA FRANK BLUE, President, is a Hoosier by birth, grew up in Mississippi, and, after living in various other cities, found his way deeper into the South and settled in New Orleans, La. Although the head of Foundation Plan, Inc., since its organization 26 years ago, he has taken time to serve actively in many other organizations. He has been President of the New Orleans Retail Credit Association; District Four of the National Retail Credit Association; New Orleans Lenders Exchange; and of the predecessor of the Louisiana Association of Consumer Finance Companies. He is Past President of the New Orleans Rotary Club and is Secretary-Treasurer of the New Orleans Retailers Credit Bureau. He was the first President of the New Orleans Toastmasters Club. At our annual conference held in New Orleans in 1953 he was a member of the program committee.

He is married to the former Eulalie Leonard (LaLee), of New Orleans. They have one son, George R., who is United States Attorney for Eastern Louisiana. They reside at 4546 Music Street, New Orleans 22, Louisiana, in the Gentilly Terrace area. He states that his hobbies are his three grandchildren.

Eldon L. Taylor

ELDON L. TAYLOR, Second Vice President, was born in Ogden, Utah. He attended the city schools there and Weber College after which he was associated with the A. L. Scoville Printing and Paper Company in the bookkeeping department. He started with the Glen Bros. Music Co., in 1922 as a clerk in the Credit Department of the Ogden store and transferred to the Salt Lake City stores in 1924 as Office Manager. He was appointed Secretary of the Corporation in 1932 and Secretary-Treasurer in 1950. In April, 1954, he was elected Vice President and Treasurer and transferred back to Ogden to be General Manager of the home store of the Company. He has been active in the Salt Lake Credit Association since 1924 and was a director for six years. He was President of the Association in 1947-1948. He was a director of District Nine of the N.R.C.A. for three years and President in 1950-1951. He was a National director representing District Nine in 1953-1954.

Mr. and Mrs. Taylor live at 1520 29th Street, Ogden. They have three married sons and two grandchildren. His hobbies are puttering around in his large yard, motoring and being an active member of the Church of Jesus Christ of Latter-day Saints.

W. C. Goodman

WIMBERLEY C. GOODMAN, First Vice President, was born in Marion County, Texas, and has lived in Dallas since 1911. He is Secretary and Credit Manager, Reynolds-Penland Company, Dallas, one of the leading men's clothing stores. He has been with the company for 22 years and prior to that was Credit Manager, Huey & Philip Hardware Company for over 16 years. He has been President of the Dallas Retail Credit Managers' Association, the Retail Credit Executives of Texas and a director of the National Retail Credit Association. He is a charter member and Past Master of Washington Lodge No. 1117, A. F. and A. M., and a member of the Oak Cliff Chapter R. A. M. He is a Knight Templar and member of the Dallas Commandery No. 6 and Past District Deputy Grand Master of the 14th District of Texas. He is a member of the Oak Cliff Council of R. and S. M. and Past President of the Masters and Wardens Association of the 14th District. He has been an active member of the First Baptist Church since 1914; is a Deacon and Superintendent of an Adult Sunday School Department.

Mr. and Mrs. Goodman live at 2826 Southwood Drive, Dallas. They have two sons and two daughters.

J. C. Gilliland

J. C. GILLILAND, Third Vice President, was born in Homestead, Pa. His college training was slanted at making him an electrochemist but an extension course in collection agency management got him started in his own agency. Later studies in business administration, law and accounting led him into credit management. His background includes experience in the collection agency, jewelry, furniture, clothing, department store, mail order and banking fields. He has served as interviewer, credit manager, agency and chain supervisor, store superintendent, general credit manager and company officer. Most recently, he was General Credit Manager of Aldens, Chicago, Ill., from 1943 to 1952. In November, 1952, he joined the Pullman Trust & Savings Bank, Chicago, to manage its Shoppers Charge Account Department. In June, 1954, he was made Assistant Vice President. He is a Past President and Director of the Retail Credit Association of Cook County and the Charge Account Bankers Association.

Mr. Gilliland has three married daughters. A younger daughter and son are at home with Mr. and Mrs. Gilliland in Bellwood, Ill. His hobby is helping newcomers in retail credit, with an occasional do-it-yourself project or auto trip for temporary diversion.


Press a button and you get pictures of the customer . . .

Now...get a complete record

The new Recordak ID Microfilmer makes check cashing a safer, faster routine . . . gives you a photographically accurate record at a new low cost.

Imagine getting pictures of four of your customers . . . plus their checks and identifications *for less than a cent.*

And the cost is even less when you cash checks for customers you know. Only their checks need be photographed. And you get sixteen of these records for less than a cent. Any clerk can take the pictures after a few minutes' instruction. Just peek into the viewfinder and press the button. Adjustment can be made for varying heights immediately by simply turning a knob.

In short, the new Recordak ID Microfilmer makes picture taking practical and economical even if yours is a small store.

The advantages it brings to your operations outweigh all costs—you be the judge.

(1) You get valuable extra protection. If one check—or the day's total—is lost prior to deposit, your films, or photocopies made from them at no extra cost, are evidence to support your claim.

(2) You no longer have to prepare a written record of each and every check in making up bank deposits.

(3) You eliminate transcription errors and omissions—everything's there, including signatures.

(4) Customers don't mind the picture taking when they learn it makes your check-cashing operation economically sound . . . protects you in event of lost checks . . . and discourages the dishonest. Bad check artists will be deterred by photographic identification.


RECORDAK

Louisville Conference Notes

RESOLUTIONS

Increase in Salaries of Referees in Bankruptcy

WHEREAS, the membership of the National Retail Credit Association is comprised of more than 36,500 members engaged in every line of business where consumer credit is granted, including department and apparel stores, furniture, musical instruments and household appliance stores, hospitals, banks, loan and finance companies, utility companies, petroleum companies, hardware, lumber and building materials, jewelers, etc., and represents every phase of the economy where consumer credit is extended to the public; and

WHEREAS, the members of the National Retail Credit Association are concerned with rehabilitation of debtors under the "wage-earner" provisions of Chapter 13 of the Bankruptcy Act, and are familiar with the workings of the Courts of Bankruptcy and their Referees, and are sensitive of the conditions throughout the country which indicate that the filing of bankruptcy proceedings have steadily increased from a total of 18,510 filings in 1948 to over 40,000 filings in 1954, which steady increase in the number of proceedings has caused a larger case load per Referee, and the multiplication of the details of administration requiring solution and decision by the Referees in these proceedings; and

WHEREAS, the administration of estates in bankruptcy and cases under the "wage-earner" provisions, is resulting in payment into the Referee's salary and expense funds of sums which are more than sufficient to defray the Referees' salaries and expenses, and there is a substantial surplus in these funds so that the Referee system has been of financial benefit and not a burden to the taxpayer; and

WHEREAS, the membership of the National Retail Credit Association is mindful of these facts, and of the ability of the Referees in Bankruptcy who have performed their exacting tasks with skill, devotion and fairness to all;

NOW, THEREFORE, BE IT RESOLVED THAT, the National Retail Credit Association records itself in favor of, and recommends to the Congress of the United States, that Section 40a of the Bankruptcy Act (11 USCA Sec. 68) be amended so as to provide increased compensation for Referees in Bankruptcy at rates of not more than $17,500 per annum for full-time Referees, and not more than $7,500 per annum for part-time Referees.

Wage-Earner Provisions of the Bankruptcy Act (Chapter 13—Chandler Act)

WHEREAS, the membership of the National Retail Credit Association is comprised of more than 36,500 members engaged in every line of business where consumer credit is granted, including department and apparel stores, furniture, musical instruments and household appliance stores, hospitals, banks, loan and finance companies, utility companies, petroleum companies, hardware, lumber and building materials, jewelers, etc., and represents every phase of the economy where consumer credit is extended to the public; and

WHEREAS, the "wage-earner" provisions of the Bankruptcy Act, Section 606 (8), were amended by the Congress on December 31, 1950, so as to permit wage-earners and salaried employees earning up to $5,000 to resort to the provisions of Chapter 13 of the Bankruptcy Act; and

WHEREAS, experience under the "wage-earner" provisions indicates that where Referees in Bankruptcy have encouraged the use of the "wage-earner" provisions by those eligible, the percentage of accounts paid up has been favorable; and that, furthermore, wage and salary earners have, as a result of the use of such plans, been allowed a reasonable time for the payment of their debts, usually extending over from one to three years, and have been enabled to retain employment and unimpaired credit standing; and

WHEREAS, abuses have sometimes existed by virtue of debtors receiving, indiscriminately, additional credit after they have filed petitions under the wage-earner provisions, which makes it difficult and often impossible for the debtor to pay out under a creditor's plan, and may necessitate dismissal of the case for failure to comply;

NOW, THEREFORE, BE IT RESOLVED, that the National Retail Credit Association records itself in favor of, and recommends to the Congress of the United States that Chapter 13 of the Bankruptcy Act should be amended so as to provide that a debtor whose case has been dismissed for failure to comply shall be ineligible to file a new petition for a period of one year following such dismissal.

Wage-Earner Provisions of the Bankruptcy Act (Chapter 13—Chandler Act)

WHEREAS, the membership of the National Retail Credit Association is comprised of more than 36,500 members engaged in every line of business where consumer credit is granted, including department and apparel stores, furniture, musical instruments and household appliance stores, hospitals, banks, loan and finance companies, utility companies, petroleum companies, hardware, lumber and building materials, jewelers, etc., and represents every phase of the economy where consumer credit is extended to the public; and

WHEREAS, the "wage-earner" provisions of the Bankruptcy Act, Section 606 (8), were amended by the Congress on December 31, 1950, so as to permit wage-earners and salaried employees earning up to $5,000 to resort to the privisions of Chapter 13 of the Bankruptcy Act; and

WHEREAS, experience under the "wage-earner" provisions indicates that where Referees in Bankruptcy have encouraged the use of the "wage-earner" provisions by those eligible, the percentage of accounts paid up has been favorable; and that, furthermore, wage and salary earners have, as a result of the use of such plans, been allowed a reasonable time for the payment of their debts, usually extending over from one to three years, and have

been enabled to retain employment and unimpaired credit standing; and

WHEREAS, this Association is of the opinion that no good or valid reason exists for placing any limitation on wages, salary or other compensation earned by an individual in order that he may be eligible to come within the purview of the "wage-earner" provisions of Chapter 13 of the Bankruptcy Act; rather than to have to resort to voluntary, or to be forced into involuntary, bankruptcy;

NOW, THEREFORE, BE IT RESOLVED, that the National Retail Credit Association records itself in favor of, and recommends to the Congress of the United States, that Chapter 13 of the Bankruptcy Act should be amended to permit resort to "wage-earner plans" by any person paid by wages, salary, or other compensation without limitation as to the amount thereof.

Opposition to Increases in 1st, 2nd and 3rd Class Postal Rates

WHEREAS, the membership of the National Retail Credit Association is comprised of more than 36,500 members engaged in every line of business where consumer credit is granted, including department and apparel stores, furniture, musical instruments and household appliance stores, hospitals, banks, loan and finance companies, utility companies, petroleum companies, hardware, lumber and building materials, jewelers, etc., and represents every phase of the economy where consumer credit is extended to the public; and

WHEREAS, one of the principal functions of the National Retail Credit Association is the publication of The CREDIT WORLD, an educational and service publication for the benefit of its over 36,000 members, which said publication is presently published and mailed as part of the service of the national organization to its membership, paid from annual dues amounting to only $5.00 per member per year; and

WHEREAS, a large proportion of the membership of the National Retail Credit Association are retailers, many of which fall in the category of small business; and

WHEREAS, additional financial burdens resulting from proposed increases in 1st, 2nd, and 3rd class postal rates add a disproportionate burden to such small business units, and make difficult the continuation of the publication and mailing of The CREDIT WORLD for their benefit and education;

NOW, THEREFORE, BE IT RESOLVED, that the National Retail Credit Association records itself in favor of, and recommends to the Congress of the United States, that no increase in postal rates shall be adopted at the present time.

Location or "whereabouts" information requested of government agencies by recognized sources of consumer credit and/or by credit reporting and collection agencies.

WHEREAS, the membership of the National Retail Credit Association is comprised of more than 36,500 members engaged in every line of business where consumer credit is granted, including department and apparel stores, furniture, musical instruments and household appliance stores, hospitals, banks, loan and finance companies, utility companies, petroleum companies, hardware, lumber and building materials, jewelers, etc., and represents every phase of the economy where consumer credit is extended to the public; and

WHEREAS, the Congress of the United States by Title V of the Independent Offices Appropriation Act of 1952, established for the first time an all-inclusive policy of Congress that:

"any work, service, publication, report, document, benefit, privilege, authority, use, franchise, license, permit, certificate, registration, or similar thing of value or utility performed, furnished, provided, granted, prepared, or issued by any Federal agency . . . shall be self-sustaining to the full extent possible, and the head of each Federal agency is authorized by regulation (which, in the case of agencies in the executive branch, shall be as uniform as practicable and subject to such policies as the President may prescribe) to prescribe therefor such fee, charge, or price, if any, as he shall determine, in case none exists, or redetermine, in case of an existing one, to be fair and equitable taking into consideration direct and indirect cost to the Government, value to the recipient, public policy or interest served, and other pertinent facts, and any amount so determined or redetermined shall be collected and paid into the Treasury as miscellaneous receipts: Provided, That nothing contained in this section shall repeal or modify existing statutes prohibiting the collection, fixing the amount, or directing the disposition of of any fee, charge or price: Provided, further, That nothing contained in this section shall repeal or modify existing statutes prescribing bases for calculation of any fee, charge or price, but this proviso shall not restrict the redetermination or recalculation in accordance with the prescribed bases of the amount of any such fee, charge or price." 50 U.S.C.A. 140 (Aug. 31, 1951)

and,

WHEREAS, the Bureau of the Budget under date of January 23, 1954, by Circular No. A-28, laid down general standards and policies applicable to the departments and agencies of the federal establishment; and

WHEREAS, in pursuance of the provisions of said Circular No. A-28, the various departments and agencies have severally issued their own particular and pertinent directives; and

WHEREAS, such agency and departmental directives are too numerous and varied in scope and provisions to deal with all of them in any single recommendation; and

WHEREAS, the directive of the Department of Defense, No. 7230.3, dated November 3, 1954, entitled "Schedule of Fees and Charges for Copying, Certification, and Search of Records," is of the most immediate concern to the membership of this organization by virtue of the fact that the Department of Defense embraces by far the greater number of the personnel (military and civilian) in the Federal Services; and

WHEREAS, it seems desirable that, as credit granters and credit reporting agencies, membership of this organization should seek relief from the charges for location or "whereabouts" information set out in Defense Directive No. 7230.3, for the following reasons:

(a) There is or should be a well-recognized line of demarcation between information or services requested of government departments and agencies which relate to the general public for reasons of personal use or profit, and to that information and service which is related to the economic and social well-being of government personnel and employees themselves.

(b) The correct current address of military and civilian personnel of the Department of Defense is an essential ingredient connected with the extension of credit to such personnel and employees, and if withheld or charged for may render the extension of credit either more difficult or actually impossible, and thus bears upon the morale and well-being of such personnel; and

WHEREAS, Defense Directive No. 7230.3 provides by its terms for review of the fees set forth therein "whenever significant changes in costs occur, and at least once every two years to determine whether a fee should be collected for any additional service rendered the public *or whether any of the fees prescribed in the schedule should be changed or discontinued.*" (Italics supplied);

NOW, THEREFORE, be it resolved that, the National Retail Credit Association records itself in favor of and recommends to the Secretary of the Department of Defense that Defense Directive numbered 7230.3, dated November 3, 1954, be reviewed and revised so as to eliminate from Exhibit A, Schedule of Fees, Charges for Location or Whereabouts Information, requests for location or "whereabouts" information made by credit granters and/or credit reporting agencies.

Opposition to the Amalgamation or Unity With Other Nations

WHEREAS, reports in newspapers and magazines, which are repeated through radio and television commentators, newsmen and members of Congress indicate that there are organizations operating at this time with the objective of uniting into a central government some of the nations of the free world, with a single citizenship and its concurrent economical relationships with trade and a standardized currency, with a new centralized power, and

WHEREAS, such an amalgamated central unity of nations would affect the consumer credit condition of the United States and Canada in an adverse manner, by causing a readjustment of the currency of the United States and of Canada, and a corresponding depreciation in the values of all other conditions, including consumer credit and national sovereignty;

BE IT THEREFORE RESOLVED: That the National Retail Credit Association in convention assembled, hereby records its opposition to the amalgamation or unity with other nations of the United States of America and of the consequent loss of any of its sovereignty and of any corresponding depreciation of its consumer credit status in such economic changes that would result therefrom.

Report of Educational Director

Leonard Berry

IT IS WITH pleasure that I submit my fifth annual report. During the fiscal year ending May 31, 1955, six Business Communications Clinics were conducted: Bristol, Virginia; Oklahoma City, Oklahoma; Dallas, Texas; Baltimore, Maryland; Wichita, Kansas; and Houston, Texas. The total enrollment at these Clinics was 734. Each Clinic is arranged for two successive evenings, usually from 7:00 P.M. to 9:00 P.M. The fee of $5.00 per student includes the manual, *Retail Collection Procedure and Effective Collection Letters.* The sponsor pays my expenses and other expenses of the Clinic and retains the balance, if any. N.R.C.A. contributes my time. One hundred minimum enrollment required. We plan to offer a similar number of such Clinics during 1955-1956.

I was invited to address a Regional Conference of the Master Photo Finishers and Dealers Association at Atlanta, Georgia, in September, 1954, on the subject, "The Role of Credit in Retailing." This led to an invitation to speak before the National Conference of the same organization at Atlantic City, New Jersey, in March, 1955, on the same subject. Expenses in both instances were paid by the sponsors.

In November, 1954, I addressed the Minneapolis Sales Executives Clubs at Minneapolis, Minnesota, by invitation and with expenses paid. In January, 1955, I presented a two-hour course in elementary credit and collection procedure before the Illinois Lumber and Material Dealers Association at Monticello, Illinois, under the sponsorship of the University of Illinois and with expenses paid. In March, 1955, I appeared before the Indiana State Jewelers Association Annual Meeting at Indianapolis, Indiana, on the subject, "Credit Sales Promotion and Public Relations," with expenses paid. In April, 1955, I appeared by invitation before a "Dry Goods and Apparel Clinic" at the University of Mississippi, Oxford, Mississippi, on the subject, "Modern Credit and Collection Procedures."

I had the privilege of attending and addressing the meetings of N.R.C.A. District Five at Rockford, Illinois; District Seven at Oklahoma City, and Districts Three and Four at Birmingham, Alabama.

Several meetings of local retail credit associations, credit bureaus, credit women's breakfast clubs and other business and civic organizations were also addressed by invitation with expenses paid in each case by the sponsors. Where such invitations are proffered and accepted only actual expenses are charged; N.R.C.A. contributes my time.

Attendance at the Retail Credit Institute, University of Oklahoma, July, 1954, was satisfactory so far as the class in *Retail Credit Management* was concerned. Thirty-three of the 52 attending the first year in 1953 returned for the second year. However, our class in Retail Credit Fundamentals was small, only 13 being enrolled. This year the Institute will be held during the week beginning July 18th. We shall offer *Retail Credit Management* and *Retail Credit Economics.* Our future program concerning this Institute will be determined largely by this year's attendance.

The Retail Credit Institute planned for the University of Illinois last year was cancelled because of lack of response, despite concentrated direct mail publicity and CREDIT WORLD announcements.

It is to be regretted that store and firm principals generally do not recognize the immense benefit to them in encouraging their credit and collection personnel to attend these Institutes. Many of the students attend on their own time and pay their own expenses. This is commendable, but attendance would increase sharply if top management would take the initiative.

From experience it appears that the original idea of a

three-year educational course is not feasible under present conditions. We feel that we can accomplish greater service to a larger number by offering intensive one-week Retail Credit Management Institutes at several universities, strategically located throughout the country. Plans to this end for future years are now being considered.

Sterling S. Speake continues to be outstandingly successful with his Credit Schools. During the period June 1, 1954, to May 31, 1955, Mr. Speake conducted 39 Credit Schools located in 23 states and 4 Canadian provinces, with a total enrollment of 2,963. It is a pleasure to report on the unanimous approval of Mr. Speake's presentation and his effectiveness. The National Office cooperates in every way in promoting "Speake Credit Schools," and we are confident that he will be kept busy in this highly important work of professional credit education. His itinerary for 1955–1956 is now filling up.

The second annual observance of *National Retail Credit Education Week,* held April 24 to 30, 1955, was most successful. We prepared and mailed on request 465 portfolios to 381 cities in 38 states and 84 cities in 7 provinces in Canada containing suggestions, lectures, talks, radio spot announcements, etc., for use of local committees. From reports received at the National Office this material was widely used.

The new N.R.C.A. 16 mm. credit educational motion picture film, "The Good Things of Life—On Credit," was widely shown during National Retail Credit Education Week and became an important part of this continent-wide concentration on consumer credit education. International Retail Credit Education Week will be held in 1956 during the period April 22 to 28. We have learned much from the first two observances which will enable us to achieve wider coverage and increased effectiveness in 1956 and succeeding years.

The continued cooperation of members in helping make two Credit World features, Credit Department Letters Page and The Credit Clinic, successful is deeply appreciated. Both these departments possess practical value to credit granters in meeting their everyday problems. They would not be possible without the active assistance of members.

My sincere appreciation is here expressed for the wonderful cooperation of L. S. Crowder, Arthur H. Hert, and the National Office staff. My work is growing in interest and, I hope, effectiveness. It is a privilege to serve the National Association in this challenging field of credit education. To the officers and directors, the various committees and to all our members, I offer thanks for their cooperation and confidence.

Report of Secretary and Research Director

Arthur H. Hert

DURING THE PAST year, eight issues of The Credit World were devoted to: Minneapolis, Minnesota; Houston, Texas; Vancouver, British Columbia, Canada; Birmingham, Alabama; Albuquerque, New Mexico; Winnipeg, Manitoba, Canada; Louisville, Kentucky; and Savannah, Georgia. This plan creates additional interest in the Association as it gives many of our members an opportunity to submit articles for The Credit World. Extra copies were sent to prospective members in those cities and towns in which the publication is dedicated in an effort to interest them in local and national memberships. Future issues will be dedicated to other cities.

We have made some progress in securing a more complete picture of the various cities submitting their collection percentage figures. Additional space is available for more cities in this department and we expect to add others in place of those who are no longer able to cooperate with us. New lines of business will also be added if data received are representative enough to justify the change.

The response from our members for the Credit Clinic department of The Credit World has been excellent. To those members who have made this department such a success go our sincere thanks.

In addition to my other numerous duties, I handled the details of layout and supervision through the press of "Streamlined Letters" by Waldo J. Marra, published in May.

In January I attended the meetings of the American Retail Association Executives in New York, also the business meeting and luncheon of the Credit Management Division of the National Retail Dry Goods Association. Represented the National Association at the annual meeting of District Six in Omaha in March at which time the film, "The Good Things of Life—On Credit," was shown. Also attended the meeting of District Eight in Galveston, Texas, in May.

I should like to take this opportunity to thank our members for their continued interest and cooperation for the past twenty-one years. My thanks also, to the officers, directors and the National Office staff for their able assistance at all times.

Report of the Educational Committee

David K. Blair, *Chairman*

OUR FISCAL YEAR, just concluded, will long be remembered as the year of progress in education. The keen interest displayed by local associations and the districts in expanding our educational program has been a source of inspiration to this Committee.

Of major importance has been the completion of the film, "The Good Things of Life—On Credit." This project has met with unconditional acceptance throughout the United States and Canada. We can be justly proud of the efforts of our National Office in guiding its development. It has already proved to be of value in our consumer education program.

(Turn to "Conference," page 26.)

CREDIT DEPARTMENT *Letters*

LEONARD BERRY

"What do you think of form letters?" is the interesting and fundamental question posed this month by a member. It is an important one because the credit department is usually the largest user of form letters in the store or firm. When the number and cost of form letters are taken into consideration the subject offers ample justification for research. What is your idea, for instance, of the cost of form letters to your particular firm?

When we speak of a form letter a picture usually comes to mind of the typical tritely worded and poorly prepared substitute for a "personal" letter. If we add to these characteristics the common ill-matching fill-in of the customer's name and address and, more often than not, a rubber stamp signature, carelessly applied, our unflattering description of the business communication known as a "form" is complete. It is not likely to be successful in building prestige for the firm or inducing favorable action from the reader.

Of course, the need in the credit office for mass communications and the limitations of personnel, both in number and ability, make some use of the form letter almost essential. However, many stores and firms use far too many form letters and they take small pains to revise and improve them. Study of the entire form letter procedure is one of the most profitable and satisfactory areas of operation for the credit executive's attention. Substantial cost economies and improvements will result.

The first question the credit executive should ask in his review is, "Is this particular form letter necessary?" There are so many situations in credit and collection work in which elaborate and costly form letters are used that could be better handled by printed or engraved notices. It is often a more effective procedure, and at the same time less expensive, to make the communication frankly "impersonal" rather than trying to make it seem "personal" and failing completely to give that impression to the reader.

The next question should be "Is this form appropriate?" Analyze the specific purpose the form is to accomplish and consider if the form does it in the best possible manner. In collection work, for example, we often see form letters consisting of four or more lengthy paragraphs filling the entire page, used as first or second reminders when about all that is necessary at that point in collection procedure is some variation of a simple *please*.

"How long since our form letters were revised?" will be the next question. Because credit executives are busy, systematic revision of form letters is usually indefinitely postponed. As a consequence, in some stores at least, the same form letters are used month after month, indeed, year after year. Also, it might be added, they are often sent to the same people! Form letters should be frequently revised—at least every six months. Not only do forms used for long periods become stale and "dated," but there are few that cannot be improved by change.

Finally, the credit executive should examine a batch of form letters taken at random from those ready for mailing and consider if their general appearance and mechanics are in keeping with the dignity and reputation of the store. He should try to look at the form letter through the reader's eyes. What impression does the reader get from the letter? Will it reflect adequately the spirit of service and reliability the store strives so ardently to inculcate in the minds of its clientele?

Perhaps now, while there is still some summer respite from seasonal pressure, would be a good time to go into the entire form letter situation and make those improvements and changes that are almost sure to be suggested by such review.

This Month's Illustrations →

Illustration No. 1. C. T. Hosmer, Credit Manager, Fishburn's, Dallas, Texas reports that he obtains satisfactory results with this somewhat unusual collection letter. It is easy to see why he does. We are glad to note that Mr. Hosmer includes his firm's telephone number in the letterhead. This a letter writing point which we continue to stress because of its importance and helpfulness.

Illustration No. 2. Here is an excellent and sympathetic handling of a special collection matter. The Arkansas City Memorial Hospital is to be congratulated on this thoughtful and considerate approach to what is a real problem, both for the patient and for the hospital.

Illustration No. 3. The debtor who pays only part of the amount due creates a difficult situation. Partial payments are certainly most welcome but at the same time the customer must be made to realize that accounts should be paid in full as the terms provide. Jack P. Lee, Credit Manager, Frankenberger & Co., Charleston, West Virginia finds this letter to be successful.

Illustration No. 4. Another collection letter, this one used by Jos. H. Bergeron, Credit Manager, Rubenstein Bros., New Orleans, Louisiana. The tone of the letter is friendly and the "selling" argument for prompt payment of obligations is skillfully presented. An excellent feature of this letter is its brevity. A short, simple message, couched in friendly language, will bring results and keep customer good will when a long and wordy letter does just the opposite.

CLEANERS • HATTERS • DYERS • LAUNDRY • COLD STORAGE

3200 ROSS AVE.
DALLAS 1, TEXAS
PHONE UN-4101

July 15, 1955

①

Mrs. John C. Customer
000 Main Street
Dallas, Texas

Dear Mrs. Customer

Do you believe in fate.....?

.....many folks do. And they say that when something is pre-ordained by fate, there's not much you can do about it. For ins'ance, since your account is way overdue, just as sure as fate, it will have to be closed.

Happily, this is one time you can put fate in its place. All you have to do is to make arrangements to pay at least a portion of your long overdue balance of $00.00.

Please use the enclosed self addressed envelope to speed your check to us, and fate will cross you off it's list.

Sincerely,

C. T. Hosmer
Credit Manager

Arkansas City Memorial Hospital

ARKANSAS CITY, KANSAS

July 15, 1955

②

Mrs. John C. Patient
000 Main Street
Arkansas City, Kansas

Dear Mrs. Patient:

Because we know how anxious patients are to return home on dismissal from the hospital, our accounting office prepares the bill according to the latest posting of charges available. To do otherwise would delay the welcome homeward trip.

It sometimes happens that additional charges reach the office after the patient has been dismissed. Such was the case when you were discharged from the hospital on (date.)

With this explanation, we feel sure you will better understand the enclosed statement and we are confident you will want to send us your check for this amount.

Thank you for your cooperation.

Sincerely yours,

ARKANSAS CITY MEMORIAL HOSPITAL

Credit Consultant.

Frankenberger & Co.

July 15, 1955

③

Mrs John C. Customer
000 Main Street
Charleston, West Virginia

Dear Mrs Customer:

Thank you for your recent payment of $00.00. It is greatly appreciated. This amount has been credited to your account, leaving a balance of $00.00.

While we appreciate your efforts to reduce your balance in this manner, we believe that you are not familiar with our regular account terms which are payable in full thirty days from date of your statement.

As a valued friend of Frankenberger's we know that you are most anxious to keep your account in a current condition.

We thank you for your patronage and hope that we may be of service to you in the future.

Very truly yours,

FRANKENBERGER & COMPANY

Jack P. Lee
Credit Manager

OUR NINETY-SECOND YEAR

Rubenstein bros

THE STYLE STORE FOR MEN

July 15, 1955

④

Mr. John C. Customer
000 Main Street
New Orleans, Louisiana

Dear Mr. Customer:

There isn't a doubt in the world but that you have the best of intentions regarding your account with us, but....it's still unpaid....so,

We are writing again, in complete friendliness and sincerity, to request that you please arrange to pay the amount of $00.00 within the next few days.

Your good credit standing is priceless.

Place your check in the enclosed envelope and mail it, we'll pay the postage.

Yours very truly,

R U B E N S T E I N B R O S.

Jos. H. Bergeron, Credit Manager

Good Clothes for Men . . . . . .

CREDIT FLASHES

Friends Honor Jack Gross

Public officials and business friends of Jack Gross got together for lunch recently to honor him on his retirement as general manager, Retail Merchants Credit Association, Los Angeles, California, for the past 42 years. On behalf of the group, Sheriff Biscailuz presented Mr. Gross with an embossed and signed citation for "service in the interest of good government." Among those attending were Appellate Justice Thomas White, Superior Judge Charles W. Fricke, Deputy Police Chief Thad Brown, Police Officers Joe Taylor, and C. A. Welsh, City Councilmen Charles Navarro, Harold Henry, and Don Allen, and other city and county officials.

New Officers at Bristol, Virginia-Tennessee

The newly elected officers of the Credit Granters Association of Bristol, Virginia-Tennessee, are: President, Fred P. Entler, Home Furniture Company; Vice President, Tommy Clifford, Local Loan & Thrift; Secretary, Claudia Brown, Pinemont Farms, Inc.; and Treasurer, Larry Hysler, Home Finance Company. Directors: Joe Boy, Kelly & Green; Frances Brown, Foremost Dairies; Edward Glover, Firestone Stores, Inc.; Virginia Helton, Nettie Lee Children's Shop; and Glenna Moore, Grigsby's Hospital.

Frank W. Shimer to Bergdorf Goodman

Frank W. Shimer, who for nearly ten years was a member of the credit and collection staff of B. Altman & Company, New York, N. Y., has been selected as manager of the credit department of Bergdorf Goodman Company, New York. Prior to his position with B. Altman, he was with the Beneficial Finance Company for four years and spent three years in the United States Army. He is a graduate of Colgate University.

Walter Strickland Named President, Best & Company

Walter Strickland has been named president, Best & Company, New York, N. Y. In the early 1920's he became assistant credit manager and he progressed rapidly to the position of credit manager, which was only the starting point. Over the years, he has been promoted to the positions of secretary, treasurer and vice president. During his career he worked hard to help lay a solid foundation for the Credit Bureau of Greater New York. He served as its director for several years and as its president in 1929-1930. The N.R.C.A. congratulates him on his well-deserved promotion.

Next Annual Conference

The 42nd Annual International Consumer Credit Conference of the National Retail Credit Association, Associated Credit Bureaus of America and the Credit Women's Breakfast Clubs of North America will be held at the Hotels Jefferson and Statler, in the city of St. Louis, Missouri, June 18, 19, 20 and 21, 1956.

New Officers at Waco, Texas

The 1955-1956 officers of the Waco Retail Credit Executives, Waco, Texas, are: President, Roy Sikes, Wood Brothers; Vice President, Walter Zacharias, Morris Jewelry; Treasurer, Douglas Wood, Cox Department Store; Secretary, William A. Matthews, Jr., The Credit Bureau; and Assistant Secretary, Mrs. Juanita Burnham, The Credit Bureau.

Robert L. Irvine Retires

Robert L. Irvine retired as assistant general credit manager, Sears, Roebuck and Company, Chicago, Illinois, on July 31, 1955. Joining Sears in 1921 in Philadelphia as a technical correspondent, Mr. Irvine has been assistant manager of the credit division for the past 27 years. Mr. Irvine and his wife will make their home in Anchorage, Kentucky. Since 1940, they have resided in suburban River Forest, Illinois.

Ardmore Credit Association Elects Officers

At the annual meeting of the Ardmore Credit Association, Ardmore, Oklahoma, Earl Davis, Morris Plan Bank, was elected president. Other officers elected were: Ben Dibrell, vice president; Mrs. Kathryn Lord, secretary and Joe Clark, treasurer. Board of Directors are: Mrs. Virginia Stanley, Mrs. Leota Sims, Walter Reid and C. W. Hamm. Mrs. Edna Hardy was appointed by the president to act as corresponding secretary for his term of office.

The Credit Women's Breakfast Club of Ardmore and the Ardmore Credit Association have co-sponsored the credit education program for two years and have been successful in obtaining the cooperation and support of the business and professional men in conducting the program.

Officers and Directors

Associated Credit Bureaus of America

At the 41st Annual International Consumer Credit Conference held in Louisville, Kentucky, June 20-23, 1955, the Associated Credit Bureaus of America elected the following officers, directors, and committee members for the ensuing year:

Officers

President, Francis W. Smith, Salem, Ore.; First Vice President, Bernard J. Duffy, St. Paul Minn.; Second Vice President, Erwin E. Singleton, Beaumont, Texas; Executive Vice President and Treasurer, Harold A. Wallace, St. Louis, Mo.; and Secretary, Otto H. Lanfersieck, St. Louis, Mo.

Board of Directors

Francis P. Auger, Orlando, Fla.; Dale Boley, Kansas City, Mo.; Howard G. Chilton, Fort Worth, Tex.; Roy R. Dexter, Vancouver, Wash.; Bernard J. Duffy, St. Paul, Minn.; J. M. Dungan, Salinas, Calif.; A. Lloyd Dye, Kansas City, Mo.; Charles H. Farrell, New Haven, Conn.; LaVerne Fox, Flint, Mich.; Walter A. Graff, Lansing, Mich.; Sherman Harris, Houston, Tex.; E. F. Hodge, Sacramento, Calif.; Margaret J. Huggins, Hickory, N. C.; George P. Johns, Decatur, Ill.; Ralph B. Kearns, Wichita, Kan.; J. D. MacEwan, Portland, Ore.; N. W. McGinty, Billings, Mont.; Charles E. Moorman, Jacksonville, Fla.; Mary B. Murrin, Danville, Ill.; Donald H. Puffer, Denver, Colo.; Earl A. Riley, Bridgeport, Conn.; Erwin E. Singleton, Beaumont, Texas; R. M. Severa, New York, N. Y.; Charlton L. Smith, Victoria, B. C.; Francis W. Smith, Salem, Ore.; Harold A. Wallace, St. Louis, Mo.; and J. Ernest Yarbrough, Winston-Salem, N. C.

Past Presidents' Advisory Council

Carson L. Bard, Louisville, Ky.; Arthur B. Buckeridge, Memphis, Tenn.; J. E. R. Chilton, Jr., Dallas, Tex.; E. DeWitt, Seattle, Wash.; James D. Hays, Harrisburg, Penn.; Arthur F. Henning, Sacramento, Calif.; George P. Johns, Decatur, Ill.; Fred S. Krieger, Milwaukee, Wis.; Charles E. Moorman, Jacksonville, Fla.; and Robert G. Trosper, Greensboro, N. C.

Collection Service Division Committee

E. F. Hodge, Sacramento, Calif., *Chairman;* N. W. McGinty, Billings, Mont., *Vice Chairman;* Ted E. Barger, Lincoln, Neb.; Mabel L. Biggs, Lumberton, N. C.; D. E. Blauert, Merced, Calif.; Dale Boley, Kansas City, Mo.; N. B. Critser, Madison, Wis.; Roy R. Dexter, Vancouver, Wash.; William Fluegel, Cedar Rapids, Ia.; Walter A. Graff, Lansing, Mich.; Eugene B. Greer, Tifton, Ga.; Jerry Harris, El Paso, Tex.; Sherman Harris, Houston, Tex.; Ralph C. Locke, Manchester, N. H.; Clifford C. Pringle, Flint, Mich.; Earl A. Riley, Bridgeport, Conn.; Francis W. Smith, Salem, Ore.; Harold A. Wallace, St. Louis, Mo.; Bruce K. Ward, Casper, Wyo.; Joseph W. Whitten, Oklahoma City, Okla.

Credit Bureau Division Committee

George P. Johns, Decatur, Ill., *Chairman;* Francis P. Auger, Orlando, Fla., *Vice Chairman;* James F. Bain, Corpus Christi, Tex.; E. Bland Cresap, Colorado Springs, Colo.; Avadana Cochran, Bremerton, Wash.; Frank Edmonds, Johnson City, Tenn.; H. Lorry Grey, Easton, Pa.; Max Meyer, Lincoln, Neb.; Pren L. Moore, El Centro, Calif.; William Rayson, Tulsa, Okla.; Glen D. Ruddy, Visalia, Calif.; Irene Shambaugh, Newton, Kan.; C. A. Siegfried, Moline, Ill.; Harold A. Wallace, St. Louis, Mo., Melvin Warrick, Spokane, Wash.

Officers and Directors

Credit Women's Breakfast Clubs of North America

At the annual business meeting of the Credit Women's Breakfast Clubs of North America, held at the Kentucky Hotel, Louisville, Kentucky, June 22, 1955, the following officers were elected: President, Mrs. Una Pearson, Pearson's, Fort Smith, Arkansas; First Vice President, Rita Barnes, W. McPhillips, Ltd., London, Ontario, Canada; Second Vice President, Mrs. Darleen E. Crocker, Loring Short & Harmon, Portland, Maine; Treasurer, Mrs. Dorothe Bolte, Lyons Bros. Lumber & Fuel; and Executive Secretary, Geneva McQuatters, St. Louis, Missouri. Committee Chairmen: Future Advantages, Mrs. Burmah Edwards, Modern Finance Company, Gadsden, Alabama; Bulletin, Janice Pappas, Harris Body Shop, Sacramento, California; Historian, Rose De Socio, Rosenbaum's, Elmira, New York; Membership, Mrs. Florence Wyatt, Butterworth Furniture Company, Richmond, Virginia; Nomination and Budget, Marjorie H. Girton, Queal Lumber Company, Des Moines, Iowa; Constitution and Bylaws, Mrs. Mabell Bliss, Frank A. Heitkemper, Inc., Portland, Oregon; Advisory Committee, Mrs. Lois Huey, Austin Finance Company, Austin, Texas; Extension, Rita Barnes; Educational, Mrs. Darleen E. Crocker; and Awards Review, Mrs. Loretta M. Kopf.

Mrs. Una Pearson

District Presidents include: 1. Olive Graves, Thompson and Peck, Inc., New Haven, Connecticut; 2. Mrs. Thelma Greelis, National City Bank, Troy, New York; 3. and 4. Jennie Moore, Lloyd Ford Company, Jackson, Mississippi; 5. Hattie Belknap, Carlisle Allen Company, Ashtabula, Ohio; 6. Mrs. Loretta M. Kopf, M. L. Parker Company, Davenport, Iowa; 7. Edna Short, King's Clothing, Fort Smith, Arkansas; 8. Mrs. Mary Cochran, The Coffey Clinic, Fort Worth, Texas; 9. Mrs. Helen S. Spendlove, Merrill Lynch, Pierce, Fenner and Beane, Salt Lake City, Utah; 10. Mrs. B. Hays, Credit Bureaus, Inc., Salem, Oregon; 11. Janice Pappas, Harris Body Shop, Sacramento, California; 12. Ena A. Shepard, The Hecht Company, Washington, D. C.; and 13. Cele Wiegmann, Leath and Company, Joliet, Illinois.

Reprints Available

A four-page reprint of "Wage Earner Plans" (Chapter 13 of the Bankruptcy Act) is available free of charge by writing the National Retail Credit Association, 375 Jackson Avenue, St. Louis 5, Missouri.

Retail Credit Education Week was truly a continent-wide effort this year. Your committee assisted the National Office in developing a complete list of local association officers; as it was of vital importance that all associations be made aware of the need of developing a program for this Week. In addition, your Committee worked with the district education chairman in assisting local associations in their efforts. To everyone who cooperated in making Retail Credit Education Week a success, we express our deepest appreciation.

Of interest to this Board, is the development of a consumer credit education program with the United States Navy. District 11 with the assistance of local associations in Salinas, Oakland, San Diego and San Francisco has been cooperating with the Navy in speaking before enlisted personnel on the subject of "Good Credit." The interest shown by these men in this subject was amazing. Though we may have realized that there was a need for this type of education in the Armed Forces, we have not appreciated how dire the need was. It is not uncommon for the discussion period following a talk to last longer than the talk itself. Recent presentations have included use of the film, "The Good Things of Life—On Credit," which was very well received. Education of these young men in the importance of the prompt payment of their accounts is certainly an obligation of this Association. It is hoped that this program will spread throughout the nation and to all branches of the department of Defense.

Much hope is held for the success of the panel presentation of district and local association problems to be held in Louisville, May 19. The panel has been selected with great care and intends to provide an afternoon of factual and practical ideas for program development. It is strongly recommended that this subject be included in future National Conferences. The education of local and district officers cannot be completed in an afternoon.

This Committee wishes to express its appreciation for the advice and counsel of our National Office. Messrs. Crowder, Hert and Berry have been eager to assist us at all times in the extension of your educational program.

Quarter Century Club Breakfast

THE TENTH ANNUAL Breakfast of the Quarter Century Club was held at the 41st Annual International Consumer Credit Conference, Kentucky Hotel, Louisville, Kentucky, at 7:30 a.m., Thursday, June 23, 1955. The meeting was called to order by Fred S. Krieger, Credit Bureau, Milwaukee, Wisconsin, who presided in the absence of the President, Rex A. Smith, Ben Simon & Sons, Lincoln, Nebraska.

The roll call showed the following in attendance: George B. Allan, Credit Bureau, Springfield, Massachusetts; Mrs. Nora Arendt, Credit Bureau, Little Rock, Arkansas; William Arendt, Credit Bureau, Little Rock, Arkansas; Dean Ashby, The Fair, Fort Worth, Texas; James F. Bain, Merchants Credit Association, Corpus Christi, Texas; Ted E. Barger, Collection Service Division, Credit Bureau, Lincoln, Nebraska; Edith Bather, Credit Bureau, Clinton, Iowa; William V. Beddow, Porter Clothing Co., Birmingham, Alabama; Leonard Berry, National Retail Credit Association, St. Louis, Missouri; E. H. Biermann, Credit Bureau, Des Moines, Iowa; Chester W. Briggs, Credit Bureau, Providence, Rhode Island; A. B. Buckeridge, Memphis Consumer Credit Association, Memphis, Tennessee; Harland C. Bush, Credit Bureau, Geneva, New York; Lindley S. Crowder, National Retail Credit Association, St. Louis, Missouri; Thomas Downie, Credit Grantors Bureau, Vancouver, B. C., Canada; Charles Farrell, Credit Bureau, New Haven, Connecticut; H. Frank Ferguson, Credit Bureau, Lebanon, Pennsylvania; Tom Ford, Credit Bureau, Pittsburgh, Pennsylvania; E. L. Goodman, Burger-Phillips Co., Birmingham, Alabama; G. Grosz, Credit Bureau, Fargo, North Dakota; Gussie Hanlein, Sidney West Inc., Washintgon, D. C.; James D. Hays, Credit Bureau, Harrisburg, Pennsylvania; Arthur H. Hert, National Retail Credit Association, St. Louis, Missouri; Anna Johnson, Credit Bureau, Ponca City, Oklahoma; E. L. Jordan, Oklahoma Gas & Electric Company, Fort Smith, Arkansas; Carl G. Kaessner, Kaufmann's, Pittsburgh, Pennsylvania; A. J. King, Kennard's, Wilmington, Delaware; J. A. Koverman, Desmond's, Los Angeles, California; Fred S. Krieger, Credit Bureau, Milwaukee, Wisconsin; A. J. Kruse, Credit Bureau, St. Louis, Missouri; Mrs. Trenna E. Lamkins, Credit Bureau, Champaign, Illinois; Charles J. Martin, Credit Reports Inc., New York, New York; Max Meyer, Credit Bureau, Lincoln, Nebraska; Alfred Moreau, Credit Bureau, Hartford, Connecticut; Philip J. Murphy, Credit Bureau, Worcester, Massachusetts; Lily Person, Plymouth Furs, Minneapolis, Minnesota; Charles D. Reno, Scruggs Vandervoort Barney, St. Louis, Missouri; Herbie B. Ryland, Credit Bureau, Monroe, Louisiana; Richard T. Schatz, Washington Water Power Co., Spokane, Washington; Hugo Seelbinder, Credit Bureau, Fort Smith, Arkansas; Irene Shambaugh, Credit Bureau, Newton, Kansas; E. L. Silver, Credit Bureau, Windsor, Ontario, Canada; George W. Stephens, R. E. Powell & Co., Salisbury, Maryland; William F. Streeter, Boutell's, Minneapolis, Minnesota; Miss J. I. Tarpey, Credit Bureau, Gary, Indiana; Miss Mary A. Wall, Crosby's, Topeka, Kansas; Murrey B. Weldon, Merchants Credit Association, Savannah, Georgia; Joseph A. White, Harris Stores Co., Pittsburgh, Pennsylvania.

Also in attendance were two Honorary Life Members: Henry M. Doll, Los Angeles, California and Percy O. (Bud) Greer, St. Louis, Missouri. William J. Tate, Ottawa, Ontario, Canada, President, National Retail Credit Association, was a special guest.

The Quarter Century Club of the National Retail Credit Association is composed of persons who have held individual memberships in the National Retail Credit Association for 25 years or more. There are now 433 Members in the Quarter Century Club and 141 Honorary Life Members. Fifty-one were present at the 1955 gathering.

Officers for the coming year who were elected unanimously are: President, Thomas Downey, Credit Bureau, Vancouver, B. C., Canada; Vice-President, Dean Ashby, Fort Worth, Texas; Secretary, Miss Lily F. Person, Minneapolis, Minnesota; Treasurer, Lindley S. Crowder, St. Louis, Missouri.—Lily F. Person, *Secretary,* Plymouth Furs, Minneapolis, Minnesota.

LOCAL ASSOCIATION Activities

Rochester, New York

At the annual meeting of the Rochester Retail Credit Association, Rochester, New York, the following officers and directors were elected: President, J. Bilger Bronson, Rochester Regional Hospital Council; First Vice President, George E. Leadley, Rochester Credit Men's Service; Second Vice President, James V. Nolan, Rochester Gas & Electric Corporation; and Secretary-Treasurer, Lee E. Pero, Credit Bureau of Rochester. Directors: Gerald Halliley, Rochester General Hospital; Ernest Kennedy, Langie Fuel Service; Katherine Kennedy, E. W. Edwards & Son; Maynard C. Lisk, Scrantom's Book & Stationery Company; Mrs. Phyllis Mack, Phyllis Waldron Flowers; Jack M. Milligan, Lincoln Rochester Trust Company; and Leland S. Somers, McCurdy & Company.

Chicago, Illinois

The following officers and directors of the Retail Credit Association of Cook County, Chicago, Illinois, were elected recently: President, James Tranker, Socony Vacuum Oil Company; First Vice President, Lawrence C. Burkhardt, Maurice L. Rothschild & Company; Second Vice President, Robert Goehmann, Olson Rug Company; Treasurer, Gordon R. Worley, Aldens Inc.; and Secretary, Carl S. Hobbet, Credit Bureau of Cook County. Directors: William Condy, Carson Pirie Scott & Company; J. F. Doyle, Bonwit Teller Inc.; J. C. Gilliland, Pullman Trust & Savings Bank; Sophye Goldman, I. Miller Salon; Mary Kolley, Arrow Petroleum Company; F. George Kozy, Stylebilt Hilton Clothes; E. J. Majeski, American National Bank; Wallis G. Hocker, Charles A. Stevens & Company; Dan E. Moses, Sears, Roebuck & Company; and Wayne C. Stokes, Marshall Field & Company.

Albany, New York

The new officers and directors of the Retail Credit Association, Albany, New York, are: President, Joseph Rings, State Bank of Albany; Vice President, William Schwartz, Mutual Discount Company; Treasurer, Jean Fish, Beneficial Loan Company; and Secretary, Mrs. Jane Walter, Leslie's Albany Credit Bureau. Directors: Samuel Poskanzer, Rudolph Jewelry; James Corbett, The Lerner Shops; Mrs. Gladys Beede, The Textile Company; Len Stokes, State Bank of Albany; Charles Keebler, Niagara Mohawk Power & Light; Mrs. Cynthia Wheeler, Flah & Company; and John Couch, McManus & Riley.

Oakland, California

At the annual meeting of the Associated Retail Credit Granters of Alameda County, Oakland, California, the following officers and directors were elected: President, William E. Foreman, Grodins of California; Vice President, Jack Stackable, Oakland Bank of Commerce; and Secretary, R. W. Callaway, Associated Retail Credit Granters. Directors: Jerry Wilson, Merchants Collection Association; Harold Wade, John H. Breuner Company; Robert E. Beavers, H. C. Capwell Company; Faye Abel, Stone Pierce Furniture Company; Marion Sherman, Oakland Bank of Commerce; William C. Stenberg, Brents Jewelry Company; and Edward C. Morin, Swans Department Store.

Wichita, Kansas

At the annual meeting of the Wichita Retail Credit Association, the following officers were elected: President, Emerson Dole, Appliance Center; First Vice President, William Walker, Walt Keeler Company; Second Vice President, William Whitehead, Yingling Chevrolet; and Secretary-Treasurer, Mrs. Bernice Sharples, Buck's, Inc. Directors: Jack Shields, Skelly Oil Company; Dr. G. E. Tildon, Dentist; Wayne Pendergast, Muellers Flowers; A. M. Buzzi, Allen W. Hinkel Company; Irving Coffey, Metz Lumber Company; E. R. Goodin, Jr., Union National Bank; Marion Brandon, McVicar Clothing; and William Staats, Fourth National Bank.

Pontiac, Michigan

The new officers and directors of the Associated Credit Managers of Pontiac, Pontiac, Michigan, are: President, John Lee, Community Loan Company; First Vice President, Jack Crawford, Community National Bank; Second Vice President, Hugh Lane, The Philgas Company; and Secretary, Francis F. Miller, Pontiac Credit Bureau. Directors: Larry Gilliam, Gilliam Appliances; A. J. Roy, Roy's Replacement Parts & Service; Mrs. Thelma Seney, Wyman Furniture Company; Mrs. Addie Murray, Pontiac General Hospital; Wayne Miller, Poole Lumber Company; and Mrs. Florence Reuter, Arthurs Ready to Wear.

Trenton, New Jersey

The new officers of the Retail Credit Men's Association of Trenton, Trenton, New Jersey, are: President, Russell J. DeCara, Hurley-Tobin Company; Vice President, Fred Beyea, National Cash Register Company; and Secretary-Treasurer, Leon H. Hill, Trenton Trust Company.

Memphis, Tennessee

The Memphis Retail Credit Association, Memphis, Tennessee, has elected the following officers and directors for the ensuing year: President, L. R. McEwen, Bry's; First Vice President, William M. Thomas, Goldsmith's; Second Vice President, Mrs. Laura Maddox, Julius Goodman & Son; and Secretary-Treasurer, Kenneth O. Eddins, Credit Bureau of Memphis. Directors: Mrs. Vera Harrison, Julius Lewis; H. C. Stroup, Gerber's; A. E. Croom, A. Graves & Steuwer Co.; David Barber, S. C. Toof & Company; and J. B. Rawlings, Union Planters National Bank. This is the fourth time Mr. McEwen has served as president of the Association. He has been with Bry's for the past 25 years.

Items of Interest From the NATION'S CAPITAL

JOHN F. CLAGETT, Counsel, National Retail Credit Association, Washington, D.C.

The Re-Activated Hoover Commission: The Commission on Organization of the Executive Branch of the Government, popularly known as The Hoover Commission, has again laid the groundwork for vast gains in the management and economy of government affairs if its various recommendations are heeded by the Congress and the Executive branch of the government. While its reports are made to Congress in accordance with the terms of the enabling legislation, and suggest and offer the possibilities of corrective legislation, the greater opportunity appears to lie with the Executive branch in following up on the critical analyses and recommendations involved. Thus far 12 reports have been submitted to Congress. Since these reports touch time and time again on problems of financial management it has seemed of importance to members of N.R. C.A. to attempt, at least, a thumbnail listing of titles and subject-matter embraced in the reports thus far made.

(1) "Paperwork Management," said to be the first documentary study of its kind of the red-tape problem, reveals that the government is creating 25,000,000,000 pieces of paper annually, requiring the employment of 750,000 federal employees—tax burden on the average American family of four "is put at more than $100 a year."

(2) "Personnel and Civil Service" suggests changes that might lead to more efficient service.

(3) "Federal Health and Medical Services" deals with the impact on the taxpayer of assumption by federal agencies of "responsibility for complete or partial health and hospital care covering 30 million Americans and involving steadily mounting costs already exceeding $4 billion a year."

(4) "Lending Agencies" studies 104 federal agencies and notes that loans, guarantees and insurance, $244 billion in all, "have grown to such magnitude that a broad reorganization has become necessary." Among other recommendations it is suggested that "federal agencies which have demonstrated their ability to stand on their own feet should be brought into the private enterprise system, as has been done with other agencies, notably the Federal Reserve Banks, Federal Deposit Insurance Corporation, and the Federal Land Banks."

(5) "Traffic Management" reveals that the federal government spends about $3 billion a year in peacetime to haul passengers and freight. "Horrible examples" include "packing one overshoe in a box more costly than the article, crates for junk tricycles, a huge box to house a ten cent store lamp and another to house a paper shade."

(6) "Use and Disposal of Federal Surplus Property" says, "For the next several years, huge quantities of supplies approaching an annual rate of $2 billion, acquisition cost, will be purged from government warehouses." Urges use of "merchandising experts." "Each additional one cent received on each dollar cost of property sold would yield an extra $20 million yearly."

(7) "Food and Clothing," particularly in the Armed Services, where savings could be effected amounting to more than $1.7 billion annually.

(8) "Business Enterprises" is the study which points out that the Department of Defense alone has an investment exceeding $15 billion in commercial-industrial facilities. Congressional policy is to foster free enterprise and 22 recommendations are aimed principally at "getting the government out of such businesses wherever practicable."

(9) "Warehouse and Storage Space" indicates that expense of these facilities has reached $3½ billion annually, or nearly as much as the entire federal budget for 1930. Commission found vast excess facilities not even listed in operating records.

(10) "Scientific and Technical Services" points out that these services are vital in national defense—cost has reached $2.4 billion annually. Commission is concerned more about efficiency to do the job than efficiency to prevent waste.

(11) "Real Property Management" records show $40.8 billion representing original acquisition and construction costs. "Operation and management of this vast realty empire were found by the task force to be handled under a decentralized and wasteful system requiring the full-time services of 370,000 federal employees."

(12) "Legal Services and Procedure" contains 52 recommendations, is extremely complicated, seeks to bring about greater uniformity and efficiency in over 50 agencies employing legal help. The Defense Department employs 4,400 military and civilian personnel "performing exclusive legal duties," over twice the size of the Department of Justice, employing 1,773 lawyers.

Tax Delinquencies: Senator Williams (R. Del.) has read into the Congressional Record for June 2, a communication from the Commissioner of Internal Revenue setting forth figures on tax delinquencies as follows:

Class of tax	*Number*	*Amount*
Individual income	1,249,292	$936,100,234
Corporation income	26,158	321,102,437
Taxes withheld	357,315	233,551,540
Excise taxes	58,171	70,115,910
Estate and gift	1,455	33,113,404
Unemployment	32,844	17,681,679
Carriers	239	2,829,082
Total	1,725,474	1,614,494,286

comparative COLLECTION PERCENTAGES

June 1955 vs. June 1954

N.R.C.A. DISTRICT and CITIES	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						MEN'S CLOTHING STORES					
	1955			1954			1955			1954			1955			1954			1955			1954		
	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.
Boston, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Portland, Me.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1 Providence, R. I.	48.1	52.2	44.0	49.9	55.1	46.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Springfield, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Worcester, Mass.	—	49.5	—	—	49.7	—	—	13.1	—	—	10.5	—	54.0	56.0	52.0	51.1	56.2	46.0	—	—	—	—	—	—
2 New York, N. Y.	46.0	57.9	40.1	47.2	55.5	34.4	13.4	16.2	10.7	18.6	22.5	12.9	44.8	47.6	39.1	46.0	47.8	40.4	48.0	49.3	46.8	51.4	51.6	51.3
3 Birmingham, Ala.	39.5	44.7	34.3	40.7	46.8	35.2	—	—	—	—	—	—	40.2	44.5	36.0	39.6	45.9	32.4	46.3	48.2	43.8	47.6	48.8	47.0
New Orleans, La.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cincinnati, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cleveland, Ohio	50.9	58.7	47.8	50.6	61.2	45.4	18.3	22.4	13.4	19.7	23.4	13.8	41.6	54.2	30.3	42.4	53.7	31.1	72.2	99.5	47.1	73.5	93.3	48.3
Louisville, Ky.	48.2	56.6	36.8	50.1	56.0	44.1	19.7	20.0	19.2	18.9	19.7	18.1	44.8	47.4	42.2	45.5	45.9	45.1	48.3	58.0	40.7	47.1	58.2	40.2
5 Milwaukee, Wis.	58.5	60.2	52.5	55.9	59.2	50.8	15.5	15.9	15.0	15.3	16.2	14.3	53.3	59.7	46.9	52.0	58.4	45.6	58.6	63.2	45.5	52.2	70.4	40.0
Toledo, Ohio	51.0	51.7	28.3	49.8	53.0	29.7	17.2	22.0	13.2	16.5	21.0	12.3	54.9	59.7	50.2	52.4	54.9	50.0	—	42.0	—	—	41.7	—
Youngstown, Ohio	—	37.4	—	—	36.0	—	—	13.5	—	—	12.6	—	—	—	—	—	—	—	—	—	—	—	—	—
Ottawa, Ont.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6 Minneapolis, Minn.	59.8°	64.1	57.5°	55.5	64.9	44.2	14.4	14.5	14.3	12.5	12.8	12.2	46.6	57.3°	36.0	47.3	56.6	38.0	43.8	46.2	40.9	46.0	50.7	42.1
7 Kansas City, Mo.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
St. Louis, Mo.	55.8	57.1	54.1	54.1	56.1	50.3	19.5	20.9	17.7	19.6	21.8	16.2	45.6	54.9	39.0	41.5	55.2	39.0	48.2	51.8	46.1	43.8	45.1	45.5
Dallas, Texas	52.4	57.9	46.9	47.2	47.4	47.1	13.1	16.5	9.8	13.2	16.3	10.1	—	51.4	—	—	50.9	—	—	—	—	—	—	—
8 Ft. Worth, Texas	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Houston, Texas	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9 Denver, Colo.	47.6	50.5	41.1	49.5	50.4	44.8	16.5	29.1	15.2	15.4	25.0	13.6	45.8	50.5	41.1	47.1	49.5	44.8	45.8	50.5	41.1	47.1	49.5	44.8
Salt Lake City, Utah	58.2	63.6	54.7	57.1	60.2	57.0	19.9	26.8	15.5	19.2	25.2	16.0	—	—	—	—	—	—	47.4	48.1	46.7	45.8	47.7	44.0
10 Spokane, Wash.	—	59.0	—	—	51.3	—	—	13.0	—	—	14.0	—	—	60.6°	—	—	67.4°	—	—	—	—	—	—	—
Los Angeles, Calif.	59.6	67.3	48.9	55.8	63.7	50.5	—	—	—	—	—	—	—	—	—	—	—	—	51.1	71.8	43.8	53.4	65.8	35.9
Oakland, Calif.	62.8	64.6	57.7	61.8	62.5	56.2	16.7	21.3	13.3	16.7	20.3	14.4	63.3	70.0	56.5	—	61.2	—	—	—	—	—	—	—
11 Santa Barbara, Calif.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
San Francisco, Calif.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
San Jose, Calif.	54.5	68.2	49.7	57.6	63.1	51.5	18.1	18.9	17.3	17.8	20.4	15.3	53.8	58.0	49.7	57.3	63.1	51.5	53.8	58.0	49.7	57.3	63.1	51.5
Baltimore, Md.	50.8	54.5	47.5	49.9	53.6	46.2	15.6	25.3	10.9	16.8	26.2	13.8	44.8	55.2	34.4	41.3	49.3	34.3	43.2	48.7	37.8	44.9	53.8	36.0
12 Philadelphia, Pa.	41.2	42.0	37.5	41.5	44.4	38.8	10.1	11.7	9.1	10.8	11.3	9.7	41.8	52.5	31.4	44.4	52.1	37.9	—	—	—	—	—	—
Washington, D. C.	46.4	50.5	44.2	45.1	50.2	42.2	15.5	17.8	13.1	15.0	19.1	12.8	—	—	—	—	—	—	—	—	—	—	—	—

● Figures for May. °Includes 30—60—90-day accounts.

Consumer Credit for May

CONSUMER INSTALMENT CREDIT outstanding increased 636 million dollars during May. Month-end balances amounted to an estimated 24,149 million. The May increase compares with increases of 61 and 464 million dollars in the same month of 1954 and 1953, respectively. Automobile paper, which rose 503 million dollars during the month, continued as the dominant element in the rise in total instalment credit. Small increases occurred in the other components of instalment credit. Extensions of instalment credit increased slightly in May to a new record monthly volume of 3,206 million dollars. Repayments, estimated at 2,570 million, were practically unchanged from the preceding month. Total short- and intermediate-term consumer credit outstanding at the end of May amounted to an estimated 31,568 million dollars, 913 million above a month ago and 3,196 million above a year earlier.—Federal Reserve Board.

Department Store Credit for May

INSTALMENT ACCOUNTS outstanding at department stores continued to show practically no change during May. Compared with a year ago, however, month-end balances were up 14 per cent. The instalment collection ratio, estimated at 15 per cent in May, was unchanged from the preceding month but 1 point above a year ago. Charge accounts outstanding increased 1 per cent during May and at the end of the month were 7 per cent above a year earlier. Collections during the month amounted to an estimated 45 per cent of first-of-month balances, 1 point above the April collection ratio and 1 point below a year ago. Sales of all types decreased slightly from April to May. Compared with a year ago, however, all types were higher—cash sales by 3 per cent, charge-account sales by 9 per cent, and instalment sales by 17 per cent.—Federal Reserve Board.

Now It's Colonel W. J. (Bill) Tate, No Less

CARL B. FLEMINGTON, F.C.I., F.C.I.S., *Secretary-Manager,* Credit Bureau of Greater Toronto

Greetings, Colonel Tate. We are proud of the part you played during your year as President of the National Retail Credit Association which culminated at the Louisville Conference last June. We realize that the honour did not fall lightly but we have always admired your devotion to this office which you have served in such manner as to bring pride to all Canadians. Perhaps the 41st International Consumer Credit Conference will go down in history as being Canada Year. Thanks, Bill, for all you have done to make it so.

We feel that Kentucky, in honouring you, also brought honour unto themselves. The first Canadian President of the N. R. C. A. is now "Colonel" Tate, through an honour bestowed by the Commonwealth of Kentucky. May your shadow never grow less, Bill.

Never comes a conference which fails to leave with those attending some worth-while facts and new ideas which can be successfully put into operation. E. L. Silver, Credit Bureau of Windsor, said "While it is difficult to evaluate exactly in dollars and cents the benefits which one derives from such meetings, no one who attended could help but bring back many new ideas which will be profitably put into practice in the near future." I feel sure that is the sentiment of all Canadians and also of our American friends when appraising the value of conferences of this nature and scope.

Saturday afternoon and Sunday marked the arrival of delegates and friends from all States and most of our Canadian Provinces. Old friendships were renewed after at least a year of separation; new friends were made and the atmosphere of the conference was one of extreme cordiality and understanding. There was a panel discussion on Sunday afternoon from 2:00 to 5:00 on problems of local associations and N. R. C. A. Districts, ably presided over by David K. Blair of San Francisco. Programs, attendance, membership and numerous other activities were interestingly discussed by members of the panel.

There being no general sessions scheduled for Monday morning, June 20, interest centered around the programme sponsored by the Associated Credit Bureaus of America and the Credit Women's Breakfast Clubs of North America. Brief opening remarks were made by the President of the Associated Credit Bureaus of America, Walter A. Graff of Lansing, Michigan and the various committee chairmen, followed by an explanation of the value and importance of such a conference as this by Harold A. Wallace, Executive Vice President of the Associated Credit Bureaus of America. This was followed by discussions of a specific nature, dealing with varied classifications of consumer credit activity and from the question period there is no doubt that the sessions proved of interest and value to all participating. Monday afternoon was devoted to a general meeting of all Canadian delegates under the Chairmanship of H. L. Hulme, A.C.I., President of the Credit Granters' Association of Canada, dealing with all matters of concern relating to both bureau and store operation. This was followed by a meeting of the Canadian Bureau Managers under the Chairmanship of N. K. Gateson, President, Associated Credit Bureaus of Canada, which resulted in clarification of policy and the presentation of new ideas which could be put into effect to enhance our services.

"The Credit Workshop" with Vice President Kaa F. Blue of New Orleans, Chairman, was an interesting feature on Monday afternoon from 2:00 to 5:00. Speakers discussed "Credit Schools," "Consumer Education—Navy Personnel," and "Credit Education Week in New Orleans." A well diversified list of questions pertaining to all phases of credit and collections were discussed by the seven panel members until adjournment.

Monday's events must not be finalized without special mention being made of the annual breakfast, sponsored by the Credit Women's Breakfast Clubs, with the Louisville Club acting as host. Judging from the calibre of the speaker and the precision with which proceedings were carried out, it was obvious that much thought and planning had been put into this attractive event. Congratulations, Credit Women's Breakfast Clubs.

Tuesday morning's sessions opened with remarks from Marjorie Girton, President, Credit Women's Breakfast Clubs of North America, from Des Moines, Iowa, who presented to us a most interesting portrayal of early Kentucky and Louisville, referring also to the State Shrine, "My Old Kentucky Home," in Bardstown, Kentucky, approximately 40 miles distant, which some of us were privileged to visit on our homeward journey. Stressing the ever-present note of sincerity, so vital a part in all Credit Women's Breakfast Club activities, the speaker unfolded to us the part played by the Breakfast Clubs in a programme of cooperation in the wider credit fraternity and in the sphere of social welfare.

Walter Graff spoke on "Helping Credit Customers," emphasizing present volume and potential. More and more credit plans will be devised to meet demands in a competitive age. The speaker noted the importance of keeping credit safe, sound and profitable. Credit Bureaus must prove worthy partners in business and there must be more and more wholehearted cooperation between bureau and store.

A sound film, produced by the National Retail Credit Association, "The Good Things of Life on Credit," was shown, depicting in graphic form the advisability of maintaining a good credit record. Then to Carson L. Bard, Credit Bureau of Louisville, went the thanks of the entire assembly for the weeks and months of planning which

ensured the success of the Conference and made it one of the most outstanding ever. To Carson and his committee, congratulations on a job exceptionally well done.

A special feature during Tuesday morning's programme was the bestowing of the ancient honour of "Kentucky Colonel" on Marjorie Girton, William J. Tate, Lindley S. Crowder, General Manager-Treasurer, National Retail Credit Association, Harold A. Wallace, Executive Vice President, Associated Credit Bureaus of America, and Walter Graff through the command of the Governor of the Commonwealth of Kentucky, in recognition of their contribution to the field of credit.

The feature address, "Timberline" was delivered by Dr. Kenneth McFarland, Educational Consultant and Lecturer, General Motors Corporation, Detroit, Michigan. Words would fail to describe the depth of feeling evinced by the speaker in his portrayal of our individual responsibilities in everyday living. Suffice it to quote a few of his sentences.

"Put life into people's faces."

"Push out walls and horizons."

"Your trail is marked by the lamps you light."

"No light burns from outside in."

"Don't turn the light out—ever."

"It is enough for me to know that there was a Wonderful Man who lived a wonderful life and that He still lives."

His entire address was of a highly inspirational nature and contained a wealth of worth-while stories, well told. The conference planning committee deserves a great deal of credit for the calibre of the featured speakers. Their messages are usually exceptional and thought provoking.

To close the morning sessions, B. J. Lenihan, President, Time Finance Company, Louisville, Kentucky, spoke on "Debt Adjusters—Are They a Blessing or a Burden?" He dealt with progress in operation and the correlation of debt adjusting firms to society in general, stressing that the highest ethics must exist if they are to be successful in assisting rehabilitation.

All of the afternoon was spent in Buzz Sessions and group meetings of credit executives which proved of the utmost interest and value. Here we learned how others do things which we wonder about and in return were able to contribute our ideas for the common good. There is a growing tendency toward streamlining reports. Code reports are now being universally adopted as a means of credit guidance in a highly competitive era, where speed in reporting is a prime necessity. Short cuts must be found if Bureaus are to satisfy the demand made upon them for speed and more speed. The consensus seems to be that our members want to know briefly "Do they pay their bills?"

Canada was ably represented on a panel on Wednesday morning, by H. L. Hulme, A.C.I., Aluminum Goods Ltd., Toronto, and President, Credit Granters' Association of Canada. This discussion had to do with credit problems generally and a lot of real help was derived relative to the solution of some of these problems confronted in everyday credit and collection procedure. Varied opinions were presented which affected the proper extension of credit and adequate means of follow-up. Such questions as these were asked and answers provided.

In an effort to promote sales, what leeway, if any, should management give in the easing of terms or a larger budget to cover possible increase in collection costs and bad debts?

When arranging budget terms, is it desirable to ask a customer for the amount of his present instalment indebtedness and amount of monthly payments?

Is it desirable to inform new credit customers that all credit applications are checked through the Credit Bureau?

Is "in file" information sufficient for customers with good paying records for three or more years?

If necessary to restrict further charge purchases, should the customer be notified? How?

Is it desirable to obtain a new credit report on an account becoming active after one year or more of inactivity?

Again on Wednesday afternoon, under the able Chairmanship of Francis Auger of Orlando, Florida, acting for George P. Johns of Decatur, Illinois, a panel of four members answered impromptu questions from the audience. A note of humour was injected here in that the contestants were attired in Daniel Boone headwear with suit coats turned outside in. Muskets of ancient and honourable character were carried by the panel members as a means of protection against questioners who received unsatisfactory answers to their enquiries. Other panels were operating concurrently and each was productive of audience participation, and enlightenment.

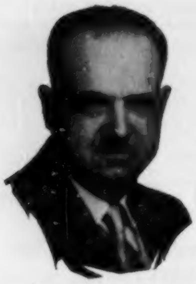
Buzz Sessions, designed to assist various population group representatives, were conducted and there is much to be said for this form of meeting. Those who attend may ask any question relative to credit or collection procedure and cannot but benefit materially from this exchange of ideas.

Thursday morning was featured by the presentation of International Achievement Awards in both Credit Bureau and Collection Service Divisions of the Associated Credit Bureaus of America and those presented by the National Retail Credit Association. Here we congratulate the Credit Bureau of Montreal, in that it led Canada in the enrolling of new members in the National Retail Credit Association. We then heard an excellent talk by Emmett J. Leahy, President, Leahy and Company, New York, N. Y., on "Don't File It—Throw It Away."

A panel discussion, with Francis W. Smith, President, Credit Bureau of Salem, Oregon, acting as moderator, adopted as its theme, "Make It Easy to Say 'Charge It' " and expressed as to how best the public might be served from the standpoint of credit authorization. Here the potential value of a credit customer was emphasized, as from research it was found that the volume of sales made to a credit customer was from three and a half to five times that of a cash buyer.

Buzz Sessions and group meetings of credit executives continued throughout Thursday afternoon and a special session of the Canadian Bureau Managers was also held prior to the conference conclusion. Mention should certainly be made of the social aspect of the conference, as it was apparent that no effort had been spared to make our "off hours" those of enjoyment and relaxation. The nightly dance feature, the Annual Banquet and the entertainment provided for the lady guests were all of a high order.

And so another conference is concluded which undoubtedly to all in attendance will be cherished in memory as one of the best ever held. To Lindley Crowder, Harold Wallace, Arthur Hert, John Spafford and all their assistants from the National Office in St. Louis and to Carson Bard and his committee, we owe a deep debt of gratitude for another wonderful conference. Canada thanks you, St. Louis and "y'all in Louisville." ★★★



A MESSAGE FROM THE PRESIDENT

IT IS A HAPPY PRIVILEGE to greet you as the new President of the National Retail Credit Association. Privileges carry responsibilities and require plans.

The help of every member of the Association is urgently requested in support of three important objectives planned by this administration:

1. The continued development and extension of our varied educational work for our own members and for the public.

2. Cooperation between all types of credit granters with one another and with those who provide us with essential services.

3. A substantial increase in membership (which will follow naturally when management and personnel are shown the advantages of information available through articles in The CREDIT WORLD, through our educational courses, and through literature we make available).

Continued prosperity, growth and development are generally predicted for the next year. This anticipates that there be no interruption in production, sales and employment. They are interdependent and all require sound consumer credit which is both the balance and lubricant which makes possible the smooth operation of our economy.

To ensure the continuation of our healthy economic situation we must avoid both unsound terms and undue curtailment of credit.

While the consumer debt is admittedly high at 31.5 billion dollars we are assured that figure is not excessive when compared with present high income, employment and sales. Certainly any restriction upon credit would result in reduced employment and income. Therefore, we must strive to maintain the established pace but must avoid overextension of credit.

Let us dedicate ourselves anew to the truth that "Credit Business Is Good Business," and that we shall do everything in our power to keep it good from every angle.

President
National Retail Credit Association